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SFPUC

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WATER & POWER
CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

January 8, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

JAN - 3 2002

SAN FRANCISCO
PUBLIC LIBRARY

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey Chen

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

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Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

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ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Report of the General Manager

   a) Budget Schedule (Martel)

   b) CIP Review, Public Outreach Meetings, and Bond Measure Schedules

8. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

a) Staff Recommendation: Award Contract No. CW-271 to replace the existing sewers on Folsom Street from 8th Street to 9th Street, Townsend Street from 7th Street to 8th Street, York Street from 22nd Street to 24th Street, and Rhode Island Street from 23rd Street to 24th Street, in the amount of $691,010 to Harty Pipelines, Inc.

b) Staff Recommendation: Award Contract No. CW-268 to replace the existing sewers and street pavement on 15th Street from Dolores Street to Church Street, Hancock Street from Sanchez Street to Noe Street, and Walter Street from 14th Street to Duboce Avenue, in the amount of $528,499 to Harty Pipelines, Inc.

c) Staff Recommendation: Ratify the Declaration of Emergency made by the General Manager of the Public Utilities Commission on December 14, 2001, for the replacement of the structurally inadequate sewer on Berry Street, from 3rd Street to 4th Street (Contract No. CW-313E), and to approve expenditure of funds in the amount of $249,300.

d) Staff Recommendation: Approve the plans and specifications for Contract No. WD-2355, 8" Ductile Iron Main Installation in Hayes Street between Buchanan Street and Masonic Avenue and authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids.

e) Staff Recommendation: Accept work for Contract No. WD-2285, 4, 6, and 8, -Inch Ductile Iron Main Installation in Geary Expressway between Masonic Avenue and Lyon Streets, Baker and Divisadero Streets, Scott and Steiner Streets; and in Post Street between Gough and Larkin Streets, approve Modification No. 1 (Final) decreasing the contract by $33,794, for a final contract amount of $814,531, (and with a time extension of 54 consecutive calendar days for a total contract duration of 264 consecutive calendar days); and authorize final payment, in the amount of $20,476, to the contractor, Shaw Pipeline, Inc.

f) Staff Recommendation: Authorize the Assistant General Manager for Power Policy and the Hetch Hetchy General Manager to advertise and request proposals from professional energy resource planning, development, analysis, and technical assistance service firms for professional services agreements to provide these services on an as-needed basis for up to ten agreements to assist and supplement SFPUC staff in the completion of various energy and power projects; receive proposals for these services, conduct a selection procedure to identify the best qualified consulting firms; and return to the Commission for approval to negotiate and execute professional services agreements.

REGULAR BUSINESS

10. Discussion and possible action related to Contract No. CUW-22201. (DeGraca)

Staff Recommendation: Approve Contract No. CUW-22201, SFPUC Fluoridation Improvements Project (System-Wide Fluoridation Facility in the East Bay).

LEASES AND PERMITS

11. Discussion and possible action related to a revocable permit with Metro PCS California/Florida, Inc. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a Revocable Permit with Metro PCS California/Florida, Inc., for approximately 1,555 sq. ft. of San Francisco Public Utilities Commission land located on a portion of Parcel 3 of San Andreas Pipeline Nos. 2 and 3 right of way, San Bruno, California, for ingress and egress to and from certain adjacent property that Permittee is leasing from third party.

12. Discussion and possible action related to a revocable permit with Cargill Salt. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a Revocable Permit with Cargill Salt, for approximately 151 lin. ft. of San Francisco Public Utilities Commission land located on a portion of Parcel 49 of Alameda County Lands and a portion of Parcels 1276(1) and 1275(3) of Bay Division Pipeline Nos. 1 and 2 right of way, Newark, California, for installation, maintenance, use and repair of a brine transfer line, at an annual rental rate of $3,624.

13. Discussion and possible action related to a lease with Newark Lumber. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a lease with Newark Lumber, for approximately 0.71 acres of San Francisco Public Utilities Commission land located on a portion of Parcels 1224, 1256(7), 1256(9) and 1258 of Bay Division Pipeline Nos. 1 and 2 right of way, Newark, California, for general storage of construction materials (no hazardous material), access and parking, at an annual rental rate of $7,284.

14. Discussion and possible action related to an agreement with Cargill Inc. (Medbery)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute an agreement with Cargill Inc. (Cargill) to permit the SFPUC to enter Cargill's property to perform required remediation work associated with the clean up of adjacent SFPUC property once leased to the Peninsula Sportsman's Club (PSC).

15. Discussion and possible action related to a lease with Los Altos Hotel Associates LLC. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a lease with Los Altos Hotel Associates LLC for the use of approximately 47,916 square feet of land owned by the San Francisco Public Utilities Commission, located in the City of Los Altos, at an annual rental rate of $38,880.

CONSTRUCTION CONTRACTS

Award

16. Discussion and possible action related to Contract No. HH-887. (Quan)

Staff Recommendation: Award Contract No. HH-887, Moccasin Domestic Water Improvements, in the amount of $909,495, to Mitchell Engineering.

Close

17. Discussion and possible action related to Contract No. WD-2290. (Quan)

Staff Recommendation: Accept work performed for Contract No. WD-2290, Sunol Water Temple – Phase I Building Restoration; to approve Modification No. 2 (Final), increasing the contract by $7,873.83, for a total contract amount of $1,508,109.83; and to authorize final payment, in the amount of $73,654.03, to LTM Construction Company, Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

18. Discussion and possible action related to an entity-wide Risk Management Framework. (Continued from the meeting of December 11, 2001). (Okereke)

Staff Recommendation: Adopt San Francisco Public Utilities Commission (SFPUC) Risk Management Policy Statement and related objectives as outlined in the resolution, and authorize the General Manager to issue a Request for Proposal (RFP) for the selection of a qualified risk management firm or consultant to assist the SFPUC with the development and implementation of a SFPUC Enterprise-wide Risk Management framework, and requisite financial/energy risk management protocols specific to the Hetch Hetchy Water and Power Enterprise (HHWP) as recommended by external auditors.

19. Discussion and possible action related to agreement with Aon Risk Services Inc. (Okereke)

Staff Recommendation: Approve the selection of Aon Risk Services Inc., of Northern California, and authorize the General Manager or her designee to execute all enabling agreements, in an amount not to exceed $704,000, and with duration of three years, for insurance brokerage services in support of the SFPUC Owner Controlled Insurance Program (OCIOP).

CLOSED SESSION

20. Public comments on matters to be discussed in Closed Session.

21. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et.al., Administrative Petition at the State Water Resources Control Board, and City of San Francisco v. Daly City, Superior Court No. 318-127.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c): (Clayton/Simpson)

Anticipated Litigation:	As Plaintiff and As Defendant Regarding delays and/or breach of communication and control system contract.

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c): (Clayton)

Existing Litigation:	State Farm Insurance Co./Timothy Stewart vs. City & County of San Francisco, Claim Nos. 02-01661/01W0038-1.

27. Threat to Public Services or Facilities (Government Code Section 54957):

Consultation with: Sheriff Michael Hennessey concerning security of SFPUC Water and Power Systems.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

28. Announcement following Closed Session.

29. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

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MAY - 1 2002

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COMMISSIONERS

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The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:36 P.M.

2. Roll Call: Present - President Ann Moller Caen, Vice President E. Dennis Normandy, Commissioner Frank L. Cook, Commissioner Jeffrey A. Chen

   Excused - Commissioner Ashok Kumar Bhatt

   President Caen introduced new Commissioner Jeffrey Chen.

3. Approval of Minutes

   There were none submitted.

4. Communications

   No action taken.

5. Old/Ongoing Business by Commissioners

   Vice President Normandy directed the Commission Secretary to delete items #2 (report on sewer condition lines) and #3 (personnel data protection) from the Old/Ongoing list since they've been taken care of. For Item #4, Vice President Normandy clarified his request regarding cell phone usage - that a policy be developed that coincides with the City policy and that a report be scheduled in the future.

   Vice President Normandy also directed that reports be scheduled in the near future for Item #5 (report on the SFPUC Washington lobbyist's activities) and Item #1CC (SFPUC Outreach/Action Plan), noting that it should be done when more information on the CIP is available. This report should also include an evaluation of all the current service providers.

6. Introduction of New Business by Commissioners

   Vice President Normandy commended PUC staff for their work on the PUC's 2002 Calendar and asked that this be part of the communications group plan. He suggested some modifications be made to the rules for art competition; for example, including school children as well as seniors.

   President Caen suggested that a different topic be selected each year.

7. Report of the General Manager

a) Budget Schedule

Patricia E. Martel, General Manager of Public Utilities, reviewed the meeting schedule to review and discuss the 2002-2003 budget. She stated that the standard protocol for budget review was to hold the meetings on days other than the regular meeting dates. After some discussion regarding Commissioner calendars, Ms. Martel stated that a new meeting schedule will be sent out.

b) CIP Review, Public Outreach Meetings, and Bond Measure Schedules

Ms. Martel gave a report on the status of the CIP and a possible schedule for bringing the CIP to the voters in November 2002. She reviewed the CIP review schedule for the Commissioners for February and March. These meetings will also be held on days other than the regular meeting dates. Prior to the beginning of the meetings, Ms. Martel will provide the Commissioners with an executive summary highlighting the changes made from the August document. After the CIP review meetings, the Commissioners input will be incorporated into the document that will be presented to the public.

She also presented the CIP Outreach Plan. PUC Staff, Commissioners, and key stakeholders will be present at the meetings that are being planned for each Supervisorial District. A meeting schedule for February, March and April was presented.

Ms. Martel provided Commissioners with a detailed schedule for the revenue bond measure proposal. She noted that the timeframes shown are legal timeframes.

Vice President Normandy complimented PUC staff for their CIP work and asked that the General Manager's executive summary include the following five elements: (1) brief description of the project, (2) ranking, (3) risk-rating, (4) timing for the project, and (5) cost.

President Caen requested that, if possible, efforts be made to include the original wordage and that changes be red-lined in the executive summary.

Vice President Normandy requested that the General Manager consider that the digesters project in the Southeast Community be separated from the CIP so that the PUC can focus more closely on it. He also suggested that this lent itself to increased contact with advocates in that area of the City.

8. Public Comments on matters not on today's agenda.

There were no public comments.

CONSENT CALENDAR

9. President Caen requested that Item f be removed from the Consent Calendar due to the $6 million amount and that it be addressed separately. She also recommended that the engineer's estimate be included on the calendar when we advertise for bids.

Moved by Vice President Normandy, seconded by Commissioner Cook to adopt Items a-e of the Consent Calendar; passed (4-0) unanimously.

a) Resolution No.02-0001: Award Contract No. CW-271 to replace the existing sewers on Folsom Street from 8th Street to 9th Street, Townsend Street from 7th Street to 8th Street, York Street from 22nd Street to 24th Street, and Rhode Island Street from 23rd Street to 24th Street, in the amount of $691,010 to Harty Pipelines, Inc.

b) Resolution No.02-0002: Award Contract No. CW-268 to replace the existing sewers and street pavement on 15th Street from Dolores Street to Church Street, Hancock Street from Sanchez Street to Noe Street, and Walter Street from 14th Street to Duboce Avenue, in the amount of $528,499 to Harty Pipelines, Inc.

c) Resolution No.02-0003: Ratify the Declaration of Emergency made by the General Manager of the Public Utilities Commission on December 14, 2001, for the replacement of the structurally inadequate sewer on Berry Street, from 3rd Street to 4th Street (Contract No. CW-313E), and to approve expenditure of funds in the amount of $249,300.

d) Resolution No.02-0004: Approve the plans and specifications for Contract No. WD-2355, 8" Ductile Iron Main Installation in Hayes Street between Buchanan Street and Masonic Avenue and authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids.

e) Resolution No.02-0005: Accept work for Contract No. WD-2285, 4, 6, and 8, -Inch Ductile Iron Main Installation in Geary

Expressway between Masonic Avenue and Lyon Streets, Baker and Divisadero Streets, Scott and Steiner Streets; and in Post Street between Gough and Larkin Streets, approve Modification No. 1 (Final) decreasing the contract by $33,794, for a final contract amount of $814,531, (and with a time extension of 54 consecutive calendar days for a total contract duration of 264 consecutive calendar days); and authorize final payment, in the amount of $20,476, to the contractor, Shaw Pipeline, Inc.

After the vote, the Commission continued with a discussion of Item 9f.

f) Staff Recommendation: Authorize the Assistant General Manager for Power Policy and the Hetch Hetchy General Manager to advertise and request proposals from professional energy resource planning, development, analysis, and technical assistance service firms for professional services agreements to provide these services on an as-needed basis for up to ten agreements to assist and supplement SFPUC staff in the completion of various energy and power projects; receive proposals for these services, conduct a selection procedure to identify the best qualified consulting firms; and return to the Commission for approval to negotiate and execute professional services agreements.

Fred Weiner, Director of Planning and Development at Hetch Hetchy Water & Power, reported on Consent Calendar Item f. He stated that it is the intent of HHWP to advertise and request proposals for as-needed consultants to do needed work that cannot be done by staff or needs special expertise. The $6 million is the amount needed over a 3-year period, including power generation development, regulatory analysis, energy efficiency, and data modeling and analysis. This also includes work needed to carry out Propositions B and H, the two November ballot measures dealing with solar power and renewables. HHWP is anticipating the need for this work and prepared this agenda item to move the process along. HHWP's intent is to create a pool of possibly 10 consultant contracts that can be brought back for approval at a later date.

President Caen suggested that this item come back at the next meeting due to its vastness and its connection to the CIP. Vice President Normandy suggested a later date because of the budget reviews. Mr. Weiner agreed with this, but asked that the item be called no later than spring.

Moved by Vice President Normandy, seconded by Frank Cook to continue 9f to the call of the Chair; passed (4-0) unanimously.

REGULAR BUSINESS.

10. Discussion and possible action related to Project No. CUW-22201.

    Item 10 was pulled from the calendar until the next meeting.

    Staff Recommendation: Approve Project No. CUW-22201, SFPUC Fluoridation Improvements Project (System-Wide Fluoridation Facility in the East Bay).

LEASES AND PERMITS

11. Discussion and possible action related to a revocable permit with Metro PCS California/Florida, Inc.

    Moved by Commissioner Cook, seconded by Vice President Normandy to adopt the following resolution; passed (4-0) unanimously.

    Resolution No.02-0006: Authorize the General Manager of Public Utilities to execute a Revocable Permit with Metro PCS California/Florida, Inc., for approximately 1,555 sq. ft. of San Francisco Public Utilities Commission land located on a portion of Parcel 3 of San Andreas Pipeline Nos. 2 and 3 right of way, San Bruno, California, for ingress and egress to and from certain adjacent property that Permittee is leasing from third party.

12. Discussion and possible action related to a revocable permit with Cargill Salt.

    Moved by Commissioner Cook, seconded by Vice President Normandy to adopt the following resolution; passed (4-0) unanimously.

    Resolution No.02-0007: Authorize the General Manager of Public Utilities to execute a Revocable Permit with Cargill Salt, for approximately 151 lin. ft. of San Francisco Public Utilities Commission land located on a portion of Parcel 49 of Alameda County Lands and a portion of Parcels 1276(1) and 1275(3) of Bay Division Pipeline

Nos. 1 and 2 right of way, Newark, California, for installation, maintenance, use and repair of a brine transfer line, at an annual rental rate of $3,624.

13. Discussion and possible action related to a lease with Newark Lumber.

Commissioner Cook raised the question of the presence of hazardous materials on the property. Gary Dowd, Assistant Director of Property, assured the Commission that the notation on hazardous materials is considered standard. Mr. Dowd stated that field staff monitor for hazardous materials.

Moved by Vice President Normandy, seconded by Commissioner Cook to adopt the following resolution; passed (4-0) unanimously.

Resolution No.02-0008: Authorize the General Manager of Public Utilities to execute a lease with Newark Lumber, for approximately 0.71 acres of San Francisco Public Utilities Commission land located on a portion of Parcels 1224, 1256(7), 1256(9) and 1258 of Bay Division Pipeline Nos. 1 and 2 right of way, Newark, California, for general storage of construction materials (no hazardous material), access and parking, at an annual rental rate of $7,284.

14. Discussion and possible action related to an agreement with Cargill Inc.

Steve Medbery, Manager of the Bureau of Environmental Regulation and Management, presented the Commissioners with a proposed access agreement with Cargill, Inc. The agreement is part of the clean-up of the Peninsula Sportsman's Club and allows the PUC to perform the clean-up in a more efficient and less costly fashion by allowing Cargill to take the salt pond out of service, construct a bypass pipeline, and allow the salt pond to dry, thereby making it easier and less expensive to perform the clean-up. Drying the salt pond will allow for better clean-up conditions and it will save a minimum of $3 million over the cost of doing the clean-up in a wet pond.

Moved by Vice President Normandy, seconded by Commissioner Cook to adopt the following resolution; passed (4-0) unanimously.

Resolution No.02-0009: Authorize the General Manager of Public Utilities to execute an agreement with Cargill Inc. (Cargill) to permit the SFPUC to enter Cargill's property to perform required remediation work associated with the clean up of adjacent SFPUC property once leased to the Peninsula Sportsman's Club (PSC).

15. Discussion and possible action related to a lease with Los Altos Hotel Associates LLC.

Moved by Commissioner Cook, seconded by Vice President Normandy to adopt the following resolution; passed (4-0) unanimously.

Resolution No.02-0010: Authorize the General Manager of Public Utilities to execute a lease with Los Altos Hotel Associates LLC for the use of approximately 47,916 square feet of land owned by the San Francisco Public Utilities Commission, located in the City of Los Altos, at an annual rental rate of $38,880.

CONSTRUCTION CONTRACTS

Award

16. Discussion and possible action related to Contract No. HH-887.

Moved by Commissioner Cook, seconded by Vice President Normandy to adopt the following resolution; passed (4-0) unanimously.

Resolution No.02-0011: Award Contract No. HH-887, Moccasin Domestic Water Improvements, in the amount of $909,495, to Mitchell Engineering.

Close

17. Discussion and possible action related to Contract No. WD-2290.

Moved by Vice President Normandy, seconded by Commissioner Cook to adopt the following resolution; passed (4-0) unanimously.

Resolution No.02-0012: Accept work performed for Contract No. WD-2290, Sunol Water Temple – Phase I Building Restoration; to approve Modification No. 2 (Final), increasing the contract by $7,873.83, for a total contract amount of $1,508,109.83; and to authorize final payment, in the amount of $73,654.03, to LTM Construction Company, Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

18. Discussion and possible action related to an entity-wide Risk Management Framework. (Continued from the meeting of December 11, 2001).

Kingsley Okereke, Director of Finance, gave a presentation using electronic slides regarding the Risk Management Policy Statement, as requested by the Commission, and also outlined some overarching goals for the Risk Management framework. Mr. Okereke reviewed the four overarching goals as part of the Risk Management Tools. He also put risk management in a PUC-wide context that looks at each enterprise, focuses on construction, outlines the risks in the enterprises, and reviews some of the risk management strategies that have been employed in the past.

Mr. John Ummel, of the Bay Area Water User's Association, spoke on behalf of BAWUA General Manager Art Jensen. Mr. Jensen is requesting that the final RFP clarify the water-first policy.

Moved by Vice President Normandy, seconded by Commissioner Cook to adopt the following resolution; passed (4-0) unanimously.

Resolution No.02-0013	Adopt San Francisco Public Utilities Commission (SFPUC) Risk Management Policy Statement and related objectives as outlined in the resolution, and authorize the General Manager to issue a Request for Proposal (RFP) for the selection of a qualified risk management firm or consultant to assist the SFPUC with the development and implementation of a SFPUC Enterprise-wide Risk Management framework, and requisite financial/energy risk management protocols specific to the Hetch Hetchy Water and Power Enterprise (HHWP) as recommended by external auditors.

19. Discussion and possible action related to agreement with Aon Risk Services Inc.

Kingsley Okereke gave a presentation using electronic slides regarding the history of the OCIP process. The first RFP went out in July 2001. All the proposals were rejected at that time and a second RFP was issued October 31, 2001. Six proposals were received and a selection was made December 12. Mr. Okereke pointed out that Aon Services is one of the biggest brokers in the country, working in the public and private sector. There was some discussion on rates, with a notation that there can be no comparisons since the events of September 11, 2001.

Moved by Vice President Normandy, seconded by Commissioner Cook to adopt the following resolution; passed (4-0) unanimously.

Resolution No.02-0014: Approve the selection of Aon Risk Services Inc., of Northern California, and authorize the General Manager or her designee to execute all enabling agreements, in an amount not to exceed $704,000, and with duration of three years, for insurance brokerage services in support of the SFPUC Owner Controlled Insurance Program (OCIOP).

CLOSED SESSION

20. Public comments on matters to be discussed in Closed Session.

    There were no public comments.

21. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

    Moved by Vice President Normandy, seconded by Commissioner Cook, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 2:58 P.M. to discuss the items listed below. The closed session items were taken out of order and started with Item

27. Threat to Public Services or Facilities (Government Code Section 54957):

    Consultation with: Sheriff Michael Hennessey concerning security of SFPUC Water and Power Systems.

    Present were President Caen, Vice President Normandy, Commissioner Cook, Commissioner Chen, SFPUC General Manager Patricia Martel, Sheriff Michael Hennessey, Utilities General Counsel Vicki Clayton, PUC Assistant General Manager Larry Klein, and Commission Secretary Mary Jung.

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c):

    Existing Litigation: State Farm Insurance Co./ Timothy Stewart vs. City & County of San Francisco, Claim Nos. 02-01661/01W0038-1.

Present were President Caen, Vice President Normandy, Commissioner Cook, Commissioner Chen, SFPUC General Manager Patricia Martel, Utilities General Counsel Vicki Clayton, and Commission Secretary Mary Jung.

Moved by Commissioner Cook, seconded by Vice President Normandy to adopt the following resolution; passed (4-0) unanimously.

Resolution No.02-0015: Recommend a settlement in the case of State Farm Insurance Co./Timothy Stewart vs. City & County of San Francisco, Claim Nos. 02-01661/01W0038-1.

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

Present were President Caen, Vice President Normandy, Commissioner Cook, Commissioner Chen, SFPUC General Manager Patricia Martel, Utilities General Counsel Vicki Clayton, Deputy City Attorney Don Furrman and Commission Secretary Mary Jung.

No action was taken.

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

Present were President Caen, Vice President Normandy, Commissioner Cook, Commissioner Chen, SFPUC General Manager Patricia Martel, Utilities General Counsel Vicki Clayton, Deputy City Attorney Don Furrman and Commission Secretary Mary Jung.

No action was taken.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: California Trout v. CCSF, et. al., Administrative Petition at the State Water Resources Control Board, and City of San Francisco v. Daly City, Superior Court No. 318-127.

Nothing was discussed.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c):

    Anticipated Litigation: As Plaintiff and As Defendant
    Regarding delays and/or breach of communication and control system contract.

    Nothing was discussed.

Following the Closed Session, the Commission reconvened in open session at 3:56 P.M.

28. Announcement following Closed Session.

    President Caen announced the actions taken during Closed Session.

29. Motion regarding whether to disclose the discussions during Closed Session.

    Moved by Vice President Normandy, seconded by Commissioner Cook, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

Thereupon, the meeting was adjourned: 4:01 P.M.

Mary Y. Jung
Secretary

SAN FRANCISCO Public Utilities Commission

1/15/02 SFPUC Commission Agenda

PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA
Special Meeting

January 15, 2002
10:00 A.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt

DEPARTMENTS	BUREAUS
Water Department	Commercial Land Management
City Distribution Division	Customer Service
Water Supply & Treatment	Environmental Regulation and Management
Hetch Hetchy Water & Power	Finance
Clean Water Program	Information Technology Services
Water Pollution Control	Personnel and Training
	Strategic and Systems Planning
	Utilities Engineering Bureau
	Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

Agenda and other information are available on the SFPUC web site: www.sfwater.org and the City web site at www.ci.sf.ca.us

Disability Access

The Public Utilities Commission meeting will be held in Room 416, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

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Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165,

Fax: (415) 554-0796.

SPECIAL ORDER OF BUSINESS

4. Public Hearing to consider budget proposals for the Operating Budgets for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for Fiscal Year 2002-2003.

Staff Recommendation: For discussion only.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 4th Floor
San Francisco, CA 94103

Location:

http://sfwater.org/detail.cfm/MC_ID/5/MSC_ID/19/MTO_ID/57/C_ID/480

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5/02

SFPUC

WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

DOCUMENTS DEPT
SEP 12 2002
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January 15, 2002
10:00 A.M.
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey Chen

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 10:10 A.M.

2. Roll Call: Present - Vice President E. Dennis Normandy, Commissioner Frank L. Cook, Commissioner Ashok Bhatt, Commissioner Jeffrey Chen

   President Ann Moller Caen arrived at 10:23 A.M.

3. Public Comments on matters not on today's agenda.

   There were none.

SPECIAL ORDER OF BUSINESS

4. Public Hearing to consider budget proposals for the Operating Budgets for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for Fiscal Year 2002-2003.

   Vice President Normandy turned the meeting over General Manager Patricia Martel to proceed with the staff presentation to the Commission regarding the proposed annual operating budget.

   Ms. Martel began by acknowledging the assistance and support of staff in preparing and presenting her first budget with the SFPUC for fiscal year 2002-2003. She stated that she believed this budget will meet the significant challenges that lie ahead of the SFPUC.

   Ms. Martel gave a brief overview of the Budget Packet and the agenda for the meeting, which included a schedule of the budget process through June 30, a review of the budget principles and goals that were used for preparing this budget, current existing budget issues, the financial outlook for the entire SFPUC, a review of any significant new proposals that the General Manager's Office is recommending, and some concluding remarks concerning future challenges.

   The budget was prepared with four principles and goals in mind: (1) Controlling costs while maximizing the services that we provide to the public; (2) Enhancing financial performance of the various enterprises and bureaus; (3) Aligning organizational initiatives for the purposes of reaching our mission and providing the highest quality and level of service to the public; and (4) Shaping some long-term strategic goals which will be also be discussed when we start the review of the

Capital Improvement Program (CIP) and the Long-Range Financial Plan (LRFP) on January 29, 2002.

The current SFPUC organizational chart was also shown, with the explanation that another organizational chart will be shown later and includes the new organization unit that will be responsible for the CIP.

Ms. Martel next highlighted some of the budget issues from FY 2001-2002 with proposals on how she is planning to address them. There were significant overtime charges caused by unanticipated events, the most obvious being the events of September 11th. The Water Supply and Treatment (WST) and City Distribution Division (CDD) both incurred significant overtime charges due to the increased security and safety checks necessary for ensuring the safety of our water supply. Also, because of the rainy period, there were a number of water main breaks which required overtime and the cost of replacing valves at San Pedro and Calaveras. Being unanticipated, they were not in the FY 2001-2002 budget.

The Clean Water Program (CWP) had an overrun of about $400,000. The reason for this was the implementation of the Owner Controlled Program and the use of treatment chemicals was budgeted for only part of the fiscal year. The amount should have been for the entire year. Ms. Martel proposed that we resolve the problem by reallocating funds within the approved budget. A supplemental appropriation may also be needed later in the year. The CWP also has a salary deficit of about half a million dollars. This was caused by exceeding the anticipated vacancy rate. She stated that the salary savings program is high and unrealistic and needed to be adjusted. Again, funds will be reallocated to address this problem.

Mr. Kingsley Okereke, Director of Finance, then presented a summary of the proposed FY 2002-2003 budget. Each enterprise budget is summarized for the proposed year and compared to the FY 2001-2002 budget.

Mr. Okereke stated that the proposed budget for Hetch Hetchy Water & Power (HHWP) is $1.4 million less than the current year. The CWP proposed budget is $1.6 million less than the current year. HHWP began FY 2001-2002 with a fund balance of $11.6 million. He reviewed the projected figures for revenue collection, operation and maintenance (O&M) costs, and capital project costs for the current year and then went through the same projections for revenues and costs for the proposed budget for FY 2002-2003. He stated that HHWP will start FY 2002-2003 with a fund balance of approximately $6.5 million.

The Water Enterprise began FY 2001-2002 with a fund balance of $164.5 million. After taking into account revenue collections, O&M costs, debt service, and capital project funding, he stated that the SFPUC expects to have a fund balance of $57.9 million at the end of FY 2001-2002.

For the proposed fiscal year, Mr. Okereke talked about anticipated revenue and an 8.6% rate increase that is connected to the Propositions A and B bonds. The O&M costs include new proposals, salary standardizations, and mandated salary increases previously negotiated by the unions. Using the same formula, Mr. Okereke expects a fund balance of $5.6 million at the end of FY 2002-2003. Projecting out, he also anticipates the positive end result of an ending fund balance of $63.5 million in FY 2005-2006.

Mr. Okereke moved onto the Clean Water Program (CWP) which he explained is more of a challenge. For the current fiscal year, the program begins with a fund balance of $56.5 million. After taking into account revenue collections, O&M costs, debt service, and capital projects costs, he stated that we expect to end this fiscal year with a fund balance of $40.3 million. Using the same formula, Mr. Okereke expects us to end the proposed FY 2002-2003 budget with a fund balance of $24.3 million. Unfortunately, he projected a fund balance deficit of $13.3 million for FY 2005-2006.

Ms. Martel brought before the Commission for consideration a proposal for a thorough, in-depth Performance Evaluation of all of the Enterprises and Bureaus of the SFPUC. With a request to begin this year, this proposed study would take one year to perform full performance audits and develop recommendations that would be brought back to the Commission for review. Anticipated recommendations would address a number of issues identified in the SFPUC operations, such as streamlining procedures, how to reduce costs of O&M, review the number of positions in units, and examine how the SFPUC conducts operations and the expenses around the operations. The cost for this program is about $500,000.

Ms. Martel concluded her remarks for her program in the General Manager's Office and explained that the respective manager of each enterprise and bureau will come forward and present their new proposals to the Commission.

Ms. Laurie Park, Acting General Manager of Hetch Hetchy Water & Power (HHWP), introduced three proposals. The first proposal concerned Essential Operations Staffing. Ms. Park explained that HHWP has inadequate coverage for its functions. She pointed out, for example, that the Memorandum of Understanding with the union requires three people on the evening shift at the Power House. HHWP has been down to two employees due to a number of factors such as illnesses and vacations. The result of this lack of coverage has been $240,000 in overtime costs that could have been alleviated by adequate staffing. Ms. Park asked for six new positions at a cost of $399,521.

Mr. Ed Smeloff, Assistant General Manager of Power Policy, Planning & Resource Development, spoke on behalf of the other two proposals for HHWP. The first one is for Regulatory Analysis and Resource Planning at a cost of $327,024 for three new employees. One employee will work at the SFPUC's Regulatory Affairs Unit and the other two will work in a newly Resource Planning Unit. These positions

are needed because of the restructuring of contracts such as Modesto and Turlock, renegotiations with Calpine, and voter mandated renewable energy projects.

The second proposal is for a Cost-of-Service Study for the PUC's electric rates. Mr. Smeloff explained that the SFDPUC rate structure is outmoded and that we don't allow for a reasonable rate of return. At a cost of $150,000, Mr. Smeloff hopes the SFPUC will be able to establish an appropriate rate structure for HHWP and carry out a plan to convince the financial community that HHWP is a credit-worthy institution.

President Caen asked Mr. Smeloff to expand on the rate schedule model he was proposing. Mr. Smeloff explained that rates need to reflect the real costs and that historically, the SFPUC has not set the rates of the General Fund departments on all the costs associate with power purchases and transmissions. The SFPUC also doesn't factor in a rate-of-return, which it should of about 6-7%. He stated that improving our rate structure would provide additional funding for capital programs and show that the SFPUC has a source of revenues.

President Caen inquired about the possibility of renegotiating the Calpine contract. Mr. Smeloff stated that the SFPUC has met with Calpine and that we are waiting for a counterproposal. He also said that he intends to brief the Commission soon in closed session regarding this contract.

President Caen raised a question regarding the output of the Potrero Plant. Mr. Smeloff stated that he was surprised by a phone call he received the previous week informing him that the plant could only operate at one-fifths of its output because it is not in compliance with the Clean Air Act. Because the Hunters Point Plant is currently shut down for repairs, this combination leaves San Francisco vulnerable to rolling black-outs again.

Vice President Normandy asked how quickly Mr. Smeloff and Ms. Park could fill the nine requested positions and if the proposed budget reflects a full year or half a year of employment. Mr. Okereke answered that the budget is for nine months, allowing for a three-month search.

Ms. Martel pointed out that the nine positions represent her recommendations to the Commission. After examining each proposal, the number had been reduced from the initial request.

Commissioner Cook questioned the General Manager about whether these positions are ones that had been deleted the previous year and also raised a question regarding funded unfilled vacancies. Ms. Martel explained that an overall assessment was done on staffing needs and all positions were reallocated to the areas of greatest need. Mr. Okereke responded to the second part of Commissioner Cook's question by saying that unfilled vacancy funds traditionally

flow back into the fund balance for the following fiscal year. Positions are not always carried over. He also pointed out that salary funds can only be used for salaries, and in cases of carry-over, the funds would go into salaries again.

Vice President Normandy requested that Mr. Okereke provide the Commissioners with information regarding (1) the composition of fund balances and (2) an explanation of how the figure is arrived at.

Commissioner Cook raised the issue of long-term unfilled vacancies and questioned whether they could be traded for some of the new positions. Ms. Martel responded that she would provide the Commissioners at the next session a review of all the vacant positions and how they compare with newly requested positions.

President Caen asked a question about the new proposals being reviewed. Ms. Martel answered that her intent is to go through the new proposals at this meeting and then go through the baseline budgets of the enterprises and bureaus at the next session.

Commissioner Bhatt asked Mr. Smeloff if emergency funds are available in the budget to prevent future blackouts. Mr. Smeloff responded that the SFPUC is working to ensure that Mirant is meeting its requirements.

Ms. Martel then introduced the five Water Supply and Treatment (WS&T) proposals which will equal $1,774,423. She noted that Chery Davis, Manager of the Water Supply & Treatment Division, will spend most of her time explaining the first three proposals. The other two – Satellite Fees for the SCADA system and the Water Residuals Processing – are routine expenditures.

Ms. Davis started by pointing out that many of the additions have to do with operational costs associated with implementing capital construction projects. She explained that the Fire Management and Hazard Reduction program is an outgrowth of the Watershed Management Plan, which is about field management on the watershed; i.e., keeping control over SFPUC property and not putting them at risk. This includes operating engineers who perform fuel breaks and tree toppers who try to bring down dangerous trees. Ms. Davis described how an uncontrolled fire could cause increased erosion that would endanger the water quality, some of our natural resources, and also endanger some of the residential communities.

Ms. Davis concluded her presentation with remarks about Habitat Conservation Planning, which explores the natural resources that need protecting and how to go about it. There is also an Ecological Resource Protection and Monitoring Plan which focuses on the current state of our natural resources.

Vice President Normandy asked if there were additional costs for these programs, aside from the positions. Ms. Davis answered in the affirmative and Ms. Martel offered to provide specific details.

Commissioner Cook asked for a vehicle replacement policy. He was specifically looking at CDD's requests for replacements for vehicles with anywhere from 100,000 to 150,000 miles on them. Ms. Martel responded that there is no standard replacement policy, but was committed to having one and that it would be part of the performance audit she is proposing.

Mr. Tony Flores, Manager of the City Distribution Division, explained that CDD bases their decisions for replacement on a repair-replace calculation cost. CDD's is based on the number of requests for equipment, the number of hours, and the number of years. Mr. Flores noted that CDD tends to replace vehicles past the formulaic standard.

President Caen expressed concern over the current status of fire and tree management. Ms. Davis explained that WS&T does take care of the problems, but not the way that the Board of Supervisors asked them to do nine years ago. For example, WS&T doesn't have a tree topper, but they have work ordered the Department of Recreation and Parks (DRP) to perform this work.

Mr. Flores followed Ms. Davis with his presentation of CDD's proposals totaling $973,935, which represents a 60% cut in what CDD originally requested. The first proposal Mr. Flores described is a Trees Infestation Control Program. He stated that many trees on SFPUC sites are infected by a lethal fungus. A small study of three areas identified an average of 540 trees at each site, with 122 of those trees infected and needing removal. Similar to WS&T, tree removal is currently done through work orders to DRP.

Mr. Flores went on to describe CDD's Leak Survey proposal, utilizing recent technology that allows the user to proactively identify underground leaks before the leak becomes an issue. Pre-identification will allow CDD to schedule repairs during off-hours to lessen the negative impact repairs usually bring on area businesses and traffic.

CDD's last proposal is the Water Utilities Locating and Marking Program which allows the SFPUC to identify water mains and services CDD had previously been unable to mark.

Mr. Bill Keaney, Manager of Water Pollution Control, described his proposals totaling $1,730,522. He pointed out that his proposals were not for new programs, but are set forth to deal with existing issues in the CWP. For instance, an increase in funds for chemicals for odor control is necessary because of a 24% jump in price.

Mr. Keaney also requested additional money for staffing. Operations, which provides training, had been halved. Priority in positions was placed on keeping the plant running and keeping staffing levels up. Operations day staff also interface with all levels of staff, helping to coalesce the organization. CWP's accident rate is up 18% from last year.

Commissioner Cook expressed concern about the cutbacks in training. He pointed out that a good training program not only reduces the amount of accidents, but also leads to a more efficient and productive workplace.

Ms. Martel followed up Mr. Keaney's presentation with a statement about the need for a thorough performance audit and how the CWP illustrates how an in-depth audit can streamline the organization and enhance its efficiency.

Hans Loffeld, Manager of Information Technology Services (ITS), brought before the Commission two proposals totaling $786,000 – one for the systematic replacement of SFPUC personal computers and the other for the Electronic Document Management System (EDMS).

Mr. Loffeld gave an overview of the tremendous amount of documents in existence at the SFPUC – engineering drawings, contracts, purchase orders, financial records, commission calendar items, etc. These records are found throughout the SFPUC in various formats. EDMS will help us control, safeguard, and create documents.

Commissioner Cook asked about additional staffing requests and Vice President Normandy requested that that the EDMS allow senior levels of the SFPUC access to reports so management can see where various operations are monetarily. Mr. Loffeld responded that ITS will need more staff to manage the system and agreed to look into having the type of financial information available that Vice President Normandy is interested in.

Ms. Martel introduced the proposals from the Bureau of Strategic and Systems Planning. The Groundwater Management proposal will enhance the existing systems that we've been using to monitor and protect SFPUC groundwater basins. This is part of an overall groundwater management program that has been in place for a while, but where information is needed to support a database and to expand activities in areas to help better identify the elements that need to be included in a comprehensive groundwater management plan. She stated that we believe that this is one crucial part of looking at all of our groundwater resources in identifying how they will impact future groundwater management issues. This is also one of the objectives included in balanced scorecard water objectives and identifying additional groundwater resources. The cost for this proposal is $380,000 and doesn't require additional positions.

Vice President Normandy suggested that the SFPUC consider hiring a hydrologist for this proposal. Ms. Martel responded that we did have some discussions about using our hydrologist to assist us with that project. Vice President Normandy urged considering using an in-house staff person who is an expert hydrologist rather than constantly always being reliant on consultants.

Ms. Martel summarized three project-funded proposals: (1) the Owner-Controlled Insurance Program (OCIP) which is being proposed at $531,000, (2) Vehicles for Project Management totaling $41,000, and (3) the introduction of the proposed Capital Improvement Program (CIP) Organization that would be put into place to implement the proposed CIP for $2,630,000.

Mr. Karen Kubick, the Manager of the Capital Improvement Program, addressed the Commission and explained that the CIP Organization would be responsible for the implementation for the multibillion dollar CIP and would centralize its operations. The organization would be a one-stop operation that will focus on five areas: project management, project development, functional management, program control, and program administration. Eighteen new positions would be created and there is also a request for equipment, such as office furniture.

President Caen asked about funding and how the new CIP organization would interface with the San Francisco Water Alliance (SFWA). Ms. Kubick responded that the organization would be funded from CIP projects, assuming the CIP passes in November. She noted that the SFWA will be providing guidance since the scope of the work is huge compared to past volumes of work. The SFWA will also help establish procedures and help write descriptions for each of the functions of the organization. They will also assist in putting together a program control system and funding. Their team will be integrated with the CIP team. Ms. Kubick assured President Caen that there would not be an overlap of personnel.

Vice President Normandy noted that the Commission has always believed that the SFPUC should not create a bureaucracy that would not go away and that skills of current staff would be enhanced so that they would have the expertise to manage the completed portions of the CIP in the future. Ms. Kubick responded that this will be a bridge-building organization and that she is already starting up groups who are meeting with Finance weekly.

Vice President asked the General Manager what the role of UEB would be during the existence of the CIP Organization. President Caen stated that she would like to review the two organizational charts and discuss them in greater detail at the next meeting.

Ms. Martel started her closing and mentioned a budget proposal for $175,000 to provide contractual services for CIP outreach. This will be brought to the Commission in the near future with a proposed outreach plan to help move the CIP along. There will be a CIP presentation on January 29th which will explore the

challenges facing the implementation of the CIP. These challenges include improving organizational efficiency and effectiveness which she hopes will be done through a performance audit. Ms. Martel is developing a proposal for the Commissioners to review with respect to organizational structure and how the SFPUC might improve that and align it along the lines of the utility business. The next budget meeting will be on February 7th and will be a review of the actual baseline budgets

Public Comments:

John Ummel from the Bay Area Water User's Alliance (BAWUA) complimented the content of the budget binder. He summarized the budget into 7-8 pages for Art Jensen and brought a sample for the SFPUC.

Ms. Martel stated that the SFPUC will make copies of this summary available to the Commission and to the public.

Emeric Kalman had a few questions and statements: (1) He would like to see accurate calculations of how much money is needed to fund a position if a department is asking for new positions and he wanted information on how much money these positions will save the SFPUC and the ratepayers; (2) He also wants to know how the energy savings dollars were spent; and (3) He supports the Leak Survey proposal from CDD.

Vice President Normandy thanked the General Manager and the SFPUC staff for this meeting and welcomed the proactive approach our managers are taking. He stated that one of the most important aspects of PUC that will be facing us in the next few years is (1) we have a new General Manager that's here to help to reorganize ourselves and make us more efficient, and 2) to cultivate a corporate culture, we will need to be a lot more proactive, a lot more new technology oriented, and a lot more efficient and effective.

Thereupon, the meeting was adjourned: 12:22 P.M.

Mary Y. Jung
Secretary

SFPUC

WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

2
22/02

Willie L. Brown, Jr.
MAYOR

01-17-02P04:11 RCVD

AGENDA

REGULAR MEETING

DOCUMENTS DEPT.

JAN 17 2002

SAN FRANCISCO
PUBLIC LIBRARY

January 22, 2002
1:30 P.M.
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1 Dr. Carlton B. Goodlett Place

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Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Report of the General Manager

   a) Lake Merced Update (Carlin)

8. Bay Area Water Users Association (BAWUA) General Manager's Report

   a) Comments on the Suburban Advisory Group (SAG) Meeting (Jensen)

9. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

a) Staff Recommendation: Accept work performed for Contract No. HH-874, Hetch Hetchy Road – Storm Repair; approve Modification No. 2 (Final) decreasing the contract by $103,374.27, for a final contract amount of $3,267,764.53; and authorize final payment of $5,765.27 to Homer J. Olsen, Inc.

b) Staff Recommendation: Accept work performed for Contract No. HH-882, San Joaquin Pipeline No. 2, Throttling Stations; approve Modification No. 4 (Final) decreasing the contract by $21,246.82, for a final contract amount of $1,248,046.16; and authorize final payment of $65,795.75 to Ford Construction Company, Inc.

c) Staff Recommendation: Accept work performed for Contract No. WD-2310, 8-Inch Ductile Iron Main Installation in Page Street between Franklin Street and Divisadero Street; approve Modification No. 1 (Final) decreasing the contract by $101,102, for a final contract amount of $729,529; and authorize final payment of $11,000 to J. Flores Construction Company, Inc.

d) Staff Recommendation: Accept work performed for Contract No. CW-216; approve Modification No. 3 (Final) decreasing the contract by $9,209, for a final contract amount of $120,467 (and with a time extension of 8 consecutive calendar days for a total contract duration of 289 consecutive calendar days); decreasing the final payment by $4,000 for an HRC fine; and authorize final payment of $9,708 to W.F. Anderson Electric, Inc.

e) Staff Recommendation: Ratify the Declaration of Emergency made by the General Manager of the Public Utilities Commission on November 27, 2001, for the replacement of the structurally inadequate sewer on Beale Street, from Market Street to Mission Street, contract (CW-319E) and approve expenditure of funds in the amount of $157,208.

f) Staff Recommendation: Approve Project CUW22201, SFPUC Fluoridation Improvements Project (System-Wide Fluoridation Facility in the East Bay).

REGULAR BUSINESS

11. Discussion and possible action related to Fifield/Cahill Ridge Trail. (Naras)

Staff Recommendation: Adopt Alternative E for the proposed Fifield/Cahill Ridge Trail on the San Francisco Peninsula Watershed, including the required Findings and Mitigation Monitoring and Reporting Program with respect to the Final Environmental Impact Report (FEIR) for the Fifield/Cahill Ridge Trail Project.

LEASES AND PERMITS

12. Discussion and possible action related to a lease with MetroPCS California/Florida, Inc. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a lease with MetroPCS California / Florida, Inc. to use approximately two hundred (200) square feet of SFPUC land and to place four antennas, at 1320 Skyview Drive, Burlingame, CA to install a cellular communications site for a term of 5 years at a monthly rental rate of $2,500.

13. Discussion and possible action related to an exchange of office space between the SFPUC and the Department of the Environment. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a Memorandum of Understanding with the San Francisco Department of the Environment to exchange office space at 11 Grove Street/1212 Market Street and 1145 Market Street.

CONSTRUCTION CONTRACTS

Award

14. Discussion and possible action related to Contract No. WD-2371. (Quan)

    Staff Recommendation: Award Contract No. WD-2371, Hetch Hetchy Water Treatment Project – Pulgas Dechloramination Facility, in the amount of $14,051,826 to Proven Management.

15. Discussion and possible action related to Contract No. WD-2375. (Quan)

    Staff Recommendation: Award Contract No. WD-2375, Seismic Improvements at Millbrae Yard and Harry Tracy Water Treatment Plant, in the amount of $834,369 to Valentine Corporation.

Close

16. Discussion and possible action related to Contract No. WD-2324. (Quan)

    Staff Recommendation: Accept work performed for Contract No. WD-2324, Sunset Reservoir South Basin Cleaning and Repair; approve Modification No. 3 (Final), comprising of Change Orders 5 and 7 without increasing the contract amount, for a final contract amount of $3,301,054, and with a time extension of 56 consecutive calendar days for a total contract duration of 326 consecutive calendar days; and authorize final payment of $142,488 to Mitchell Engineering.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.

18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

    Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

    Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

    Existing Litigation: California Trout v. CCSF, et.al., Administrative Petition at the State Water Resources Control Board, and City of San Francisco v. Daly City, Superior Court No. 318-127.

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c): (Mueller)

    Anticipated Litigation: As Plaintiff.
    Regarding long-term power purchase contracts.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

23. Announcement following Closed Session.

24. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

SFPUC
WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

DOCUMENTS DEPT.
SEP 12 2002
SAN FRANCISCO
PUBLIC LIBRARY

January 22, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey Chen

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:37 P.M.

2. Roll Call: Present - President Ann Moller Caen, Vice President E. Dennis Normandy, Commissioner Frank L. Cook, Commissioner Ashok K. Bhatt, Commissioner Jeffrey A. Chen

3. Approval of Minutes

   There were none submitted.

4. Communications

   No action taken.

5. Old/Ongoing Business by Commissioners

   President Caen asked whether staff has responded to the letter from Supervisor Sophie Maxwell. Ms. Patricia Martel, General Manager of Public Utilities, responded that staff is waiting for additional information, but a reply is expected to go out this week.

   President Caen also inquired about a letter from Marian Meyer detailing identify theft and fraud. Ms. Martel stated she had not seen the letter, but said that she will get a copy of it and respond to it.

   Commissioner Cook asked for an update on the building at 525 Golden Gate.

6. Introduction of New Business by Commissioners

   Vice President Normandy stated that the Commission doesn't need to receive copies of the Water Quality Reports from Mr. Andrew DeGraca, Manager of Water Quality Bureau, if they dealt with routine business. However, if the report deals with anything of a particular nature that needs the Commission's attention, then it should be included. He would leave that to Mr. DeGraca's or Ms. Martel's discretion to include it in the communications packet.

   Vice President Normandy also thanked the General Manager for keeping the Commission apprised of the departure of Mr. John Kluesener from the San Francisco Water Alliance (SFWA). *He stated that any replacement needs to be approved by the Commission, since the team leader was originally approved by the Commission.*

President Caen stated that she reviewed the audited financial statements for our enterprises, but was inquiring to the whereabouts of a cover letter of suggestions. Ms. Martel stated that there should have been a management letter and will look into it and forward it to the Commission.

President Caen next asked about the quarterly report regarding the Chalet. She questioned the charge of $4,200 for a 70-day stay. Ms. Martel responded that staff will look into this and will get back to the Commission on it.

President Caen asked about concerns of Chancellor Philip Day from City College. She noted that Chancellor Day stated that the Balboa Reservoir will not be in the Capital Improvement Program (CIP). Ms. Martel stated that funding for Balboa Reservoir will have to come from several sources and in discussions with Chancellor Day, she told him that she would look into the funding issues and work with the Commission on this.

President Caen also directed the General Manager to apprise the Commission of any projects or issues that have been taken out of the budget for FY 2002-2003 that had previously been approved by the Commission. Vice President Normandy made a request for a similar report for the CIP; i.e., what had been dropped and what the rationale was for that action.

Commissioner Cook asked that any bureau that has an "others" line in their budget to provide a footnote explaining what "others" consists of.

7. Report of the General Manager

a) Lake Merced Update.

Ms. Martel began the presentation by explaining her understanding of the importance of Lake Merced and the SFPUC's continuing work with the different stakeholders. She stated that she intends to assign a team of staff that will focus specifically on issues related to Lake Merced.

Mr. Michael Carlin, Manager of the Bureau of Strategic and Systems Planning, gave a progress report on Lake Merced. He pointed out the Vista Grande Strong Water Division Project – that the SFPUC has signed an MOU with Daly City that allows forward movement with construction of the pilot facilities. He stated that we are also working with the Recreation and Park Department (RPD) and our Groundwater Management Partners (Daly City, South San Francisco, and San Bruno) and that we are making progress.

8. Bay Area Water Users Association (BAWUA) General Manager's Report

Mr. Art Jensen was originally scheduled to give a report on last weeks meeting with the Suburban Advisory Group (SAG). In his absence, Ms. Martel gave a

report on the meeting since she was also in attendance. Ms. Martel was invited to the meeting to present her observations and vision of the SFPUC and comment onhow she envisioned working with SAG. She brought staff with her and presentations were made regarding the CIP, the proposed budget, and plans to improve the SFPUC by strengthening our organizational capacity with the CIP proposals. The General Manager encouraged open communication and an open door for working with SAG.

9. Public Comments on matters not on today's agenda.

Mr. Jeff Miller, Director of Alameda Creek Alliance Community Watershed Groups, spoke against the expansion of the approved lease with Mission Valley Rock. He asked that the Commission terminate the lease north of 680 and keep the quarry south of 680 to help protect Alameda Creek.

Ms. Jane Murphy, a consultant in the environmental management business in private industry, spoke against the expansion of Mission Valley Rock. She requested that the Commission honor the resolution passed by the San Francisco Board of Supervisors (SFBOS) to terminate the lease.

Ms. Bree James, Vice President of Save Our Sunol, spoke against the lease. She described the beauty of the area and how it is marred by Mission Valley Rock. She asked the Commission to terminate the lease.

Ms. Patricia Stillman, President of Save Our Sunol, passed out a letter from the Sierra Club and a copy of the SFBOS resolution. She asked the Commission to respond to the resolution and to defer any kind of contract or work by Mission Valley Rock on the Water Temple Field until Measure D is resolved.

Mr. Derek Johnson, a Sunol resident, invited the Commission to visit the site before it is destroyed.

Mr. Tim Colen, Co-chair of the Water Committee of Lake Merced and a member of Friends of Lake Merced, gave a brief history of the 1996 Memorandum of Understanding signed by the SFPUC, the golf course, and Daly City regarding recycled water and the planning and management of water resources at Lake Merced. He noted the subsequent charge by the attorney representing the golf courses that the SFPUC is not a part of the negotiations which are supposed to take place to resolve issues, nor is the SFPUC interested in being part of them. He urged the SFPUC to become active participants.

Ms. Martel responded that progress is being made on Lake Merced and that in December, she called the City Manager of Daly City to ensure a proactive working arrangement with all parties. This has moved forward and they are all working on scheduling a meeting date which will include her at the negotiating table.

Vice President Normandy recalled that the Commission directed staff at two separate meetings to become part of the negotiations and report back to the Commission to ensure that the interests of Lake Merced are protected. He reiterated that progress reports need to continue and be complete.

Commissioner Cook noted that not everything printed in the newspapers are factual and that the SFPUC has been diligent about progress with Lake Merced.

Ms. Harriet Quarre, representing the Watershed Equestiain Permit holders, urged the Commission to reconsider a decision not to issue equestrian permits for the year 2002. She gave some background of how equestrians were requested to patrol the watershed during WWII and how they wish to continue, especially in light of the war on terrorism.

President Caen asked Ms. Cheryl Davis, Manager of Water Supply & Treatment, to respond. Ms. Davis replied that the equestrians with permits have been responsible and helpful. This issue came about because an equity issue was raised regarding equal treatment for riders and hikers. In the past, riders had access and hikers did not, so for recreational reasons, both groups were restricted. However, there is a distinction between recreational riders and security patrol volunteer programs and it is being looked into as a potential resource.

President Caen agreed that this should be looked into and asked Ms. Quarre and Ms. Davis to get together to discuss this possibility.

Vice President Normandy responded to the concerns raised by the organizations against the Mission Valley Rock lease. He reminded staff that we are required to respond to the SFBOS resolution and that we should be working with the City Attorney's Office on this. *He directed, through the Chair, that the General Manager report back to the Commission within two to four weeks regarding this and that in the meantime stall or put a halt to whatever is occurring there until the Commission has had more time to review the matter in detail.*

Ms. Martel agreed to respond as quickly as possible. She clarified some of the statements made by Ms. Stillman regarding the tree removal – that the trees were removed to accommodate security fencing and that they were not heritage trees..

Commissioner Bhatt asked to see the credentials of the lessee and details regarding their violations in the last two years and have time to study the violations before moving forward on an extension of 2002.

Commissioner Cook clarified that we are looking for documentation, not accusations. If violations are found, there are penalties. He stated that he is not weighing in on the issue, but wants to make sure that the investigation is fair and that projects are not delayed because of investigations that are occurring simply because of opposition to the project. This lease was negotiated in good faith and it

can be retracted in negotiations. He urged us not to become an investigatory body at this stage.

President Caen agreed.

Vice President Normandy also concurred with Commissioner Cook's cautionary words and stated that he wants factual information and a response to the SFBOS.

CONSENT CALENDAR

10. Moved by Commissioner Cook, seconded by Vice President Normandy, to adopt the items listed under the Consent Calendar; passed (5-0) unanimously.

    a) Resolution No. 02-0016: Accept work performed for Contract No. HH-874, Hetch Hetchy Road – Storm Repair; approve Modification No. 2 (Final) decreasing the contract by $103,374.27, for a final contract amount of $3,267,764.53; and authorize final payment of $5,765.27 to Homer J. Olsen, Inc.

    b) Resolution No. 02-0017: Accept work performed for Contract No. HH-882, San Joaquin Pipeline No. 2, Throttling Stations; approve Modification No. 4 (Final) decreasing the contract by $21,246.82, for a final contract amount of $1,248,046.16; and authorize final payment of $65,795.75 to Ford Construction Company, Inc.

    c) Resolution No. 02-0018: Accept work performed for Contract No. WD-2310, 8-Inch Ductile Iron Main Installation in Page Street between Franklin Street and Divisadero Street; approve Modification No. 1 (Final) decreasing the contract by $101,102, for a final contract amount of $729,529; and authorize final payment of $11,000 to J. Flores Construction Company, Inc.

    d) Resolution No. 02-0019: Accept work performed for Contract No. CW-216; approve Modification No. 3 (Final) decreasing the contract by $9,209, for a final contract amount of $120,467 (and with a time extension of 8 consecutive calendar days for a total contract duration of 289 consecutive calendar days); decreasing the final payment by $4,000 for an HRC fine; and authorize final payment of $9,708 to W.F. Anderson Electric, Inc.

e) Resolution No. 02-0020: Ratify the Declaration of Emergency made by the General Manager of the Public Utilities Commission on November 27, 2001, for the replacement of the structurally inadequate sewer on Beale Street, from Market Street to Mission Street, contract (CW-319E) and approve expenditure of funds in the amount of $157,208.

f) Resolution No. 02-0021: Approve Project CUW22201, SFPUC Fluoridation Improvements Project (System-Wide Fluoridation Facility in the East Bay).

REGULAR CALENDAR

11. Discussion and possible action related to Fifield/Cahill Ridge Trail.

Ms. Davis presented an overview, describing this project as one of the most complex planning issues in the Watershed Management Plan. The nature and amount of accessibility by the public, combined with water quality and natural resource protection, are the issues and there are several alternatives that have been studied.

Alternatives A and B will allow for unrestricted access. Alternative C will allow access by annual permit. Alternative D was originally preferred by the Commission, which allows supervised access for hikers. A hybrid alternative – E – has also been developed which is a modification of D and is guided by multi-modal access, which means equestrians or people on bikes. Alternatives D and E are the least expensive.

Vice President Normandy stated that philosophically, he fully supports the idea of a Bay Area Ridge Trail. However, he is concerned about staff resources, security, and costs. Alternative E appears to be the most reasonably implementable and economically efficient. He raised the question on whether or not we want to make a decision now based on the concerns after September 11. He also foresaw a security problem with the projections of the number of people going through the trail annually. He suggested a moratorium on the issue until we know all the cost considerations, we have a security plan in place, and a reasonable implementation schedule.

Commissioner Cook concurred with Vice President Normandy. He raised the question about security and costs and the responsibilities of bicyclists toward an environment such as the Trail. He pointed out that although there is support for this from the SFBOS and other politicians, the ratepayers should have a voice in

this decision. Other areas, such as Yosemite, are looking at ways to become more restrictive; yet we are doing the oppositie.

President Caen asked about the cost analysis of $1.5 million. She was specifically concerned because this amount does not include the line items which don't have costs listed yet. Given the known costs of items such as disability access and parking, she questioned the wisdom of making a decision with so many unknowns.

Vice President Normandy agreed with all the concerns expressed by the Commissioners. He asked that the resolution for Alternative E be modified and is comfortable about approving Alternative E in principle and then direct staff to come back to the Commission with a resolution regarding the approval of Alternative E and define the costs and activities of the elements within the water management policy. The implementation date should be left open.

Commissioner Cook asked a question regarding the easement for Skyline Cemetary and about clean up costs. Mr. John Rouse, of the Land and Resource Division, stated that there will be access and the cemetery did agree to it with no charge. Regarding clean ups, Mr. Rouse is hoping for close supervision by volunteers to ensure a minimum of clean up.

Commissioner Cook noted that the majority of the letters received several years ago regarding the Trail were not from ratepayers and was concerned that ratepayers will bear the brunt of the costs of any of the alternatives. Mr. Rouse stated that the department will be looking at grants to help pay for this program.

Vice President Normandy made a motion that this item be continued to the Call of the Chair with the direction to staff to come back to the Commission with a proposal that will allow the Commission to approve Alternative E and information as to what can be implemented regardless of when and where we start putting people on the trail opens to the public. Jeff Chen seconded the motion.

President Caen asked for public comment.

Mr. Jake Sigg, of the California Native plant Society, stated that they are skeptical about increased recreational access to the watershed. They are comfortable with Alternative E, but are concerned about the impact it will have on plants.

Mr. Bob Power, Intermin Executive Director for the Bay Area Ridge Trail Council (BARTC), thanked the Commission and staff for the time and effort put into this. The BARTC views this project as a partnership between the Water Department, the Ridge Trail, and other stakeholders. He wanted to point out that when using volunteers to lead tours, it is important to have two leaders with each group – one at the head of the group and one at the tail end.

Mr. Bill Long, Chair of the Bay Area Ridge Trail Council, wanted to thank everyone involved who worked so hard and constructively to hammer out a reasonable and realistic compromise. He stated that the Ridge Trail does have funds available through Proposition 12, the Park Bond, and money is being allocated and their intent is to have funds fully committed by year-end. They expect to make a significant contribution to the capital improvements and the trail amenities.

Ms. Carolyn Pankow, from San Pedro Valley Park, stated that she is a volunteer there are is supporting Alternative E. She believes that the greatest safety problem is illegal entry.

Ms. Ruth Gravanis, a ratepayer and speaker on behalf of the Golden Gate Audobon Society, has been involved in the watershed for a long time. She wanted to stress the importance of making education an integral part of the access program and urged the SFPUC to adopt the staff recommendation.

The motion was passed (5-0) unanimously.

Staff Recommendation: Adopt Alternative E for the proposed Fifield/Cahill Ridge Trail on the San Francisco Peninsula Watershed, including the required Findings and Mitigation Monitoring and Reporting Program with respect to the Final Environmental Impact Report (FEIR) for the Fifield/Cahill Ridge Trail Project.

LEASES AND PERMITS

12. Discussion and possible action related to a lease with MetroPCS California/Florida, Inc.

Moved by Commissioner Cook, seconded by Vice President Normandy, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0022: Authorize the General Manager of Public Utilities to execute a lease with MetroPCS California / Florida, Inc. to use approximately two hundred (200) square feet of SFPUC land and to place four antennas, at 1320 Skyview Drive, Burlingame, CA to install a cellular communications site for a term of 5 years at a monthly rental rate of $2,500.

13. Discussion and possible action related to an exchange of office space between the SFPUC and the Department of the Environment.

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a Memorandum of Understanding with the San Francisco Department of the Environment to exchange office space at 11 Grove Street/1212 Market Street and 1145 Market Street.

Item 13 was pulled from the calendar until the next meeting.

CONSTRUCTION CONTRACTS

Award

14. Discussion and possible action related to Contract No. WD-2371.

Commissioner Chen requested an explanation about the protest filed by Mitchell Engineering. Mr. Michael Quan, Manager of the Utilities Engineering Bureau, responded that there were several allegations which were investigated. The allegations were found not to have merit.

President Caen was concerned that this was approved in October, and then in November, the Commission was informed there was a $10 million shortfall. She questioned whether Stage 2 can be completed given it is underfunded.

Mr. Quan stated that the contract here is fully funded and the second contract is about $6 million below our estimate. The shortfall is now about $3-4 million.

President Caen asked if the second contract dovetails on the first or if they work in concert. Mr. Quan stated that the facilities are separate, but both have to be done to implement dechloramination.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0023: Award Contract No. WD-2371, Hetch Hetchy Water Treatment Project – Pulgas Dechloramination Facility, in the amount of $14,051,826 to Proven Management.

15. Discussion and possible action related to Contract No. WD-2375.

Moved by Commissioner Cook, seconded by Vice President Normandy, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0024: Award Contract No. WD-2375, Seismic Improvements at Millbrae Yard and Harry Tracy Water Treatment

Plant, in the amount of $834,369 to Valentine Corporation.

Close

16. Discussion and possible action related to Contract No. WD-2324.

    Moved by Vice President Normandy, seconded by Commissioner Cook, to adopt the following resolution; passed (5-0) unanimously.

    Resolution No. 02-0025: Accept work performed for Contract No. WD-2324, Sunset Reservoir South Basin Cleaning and Repair; approve Modification No. 3 (Final), comprising of Change Orders 5 and 7 without increasing the contract amount, for a final contract amount of $3,301,054, and with a time extension of 56 consecutive calendar days for a total contract duration of 326 consecutive calendar days; and authorize final payment of $142,488 to Mitchell Engineering.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.

    There were no public comments.

18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

    Moved by Vice President Normandy, seconded by Commissioner Cook, to adopt the following resolution; passed (5-0) unanimously

The Public Utilities Commission met in Closed Session at 3:32 PM to discuss the following items listed below.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

    Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

Nothing was discussed.

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation:	City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

Nothing was discussed.

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation:	California Trout v. CCSF, et.al., Administrative Petition at the State Water Resources Control Board, and City of San Francisco v. Daly City, Superior Court No. 318-127.

Nothing was discussed.

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c):

Anticipated Litigation:	As Plaintiff. Regarding long-term power purchase contracts.

Present were President Caen, Vice President Normandy, Commissioner Cook, Commissioner Chen, SFPUC General Manager Patria Martel, Utilities General Counsel Vicki Clayton, and Secretary Mary Jung.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION RECONVENED IN OPEN SESSION AT 3:43 P.M.

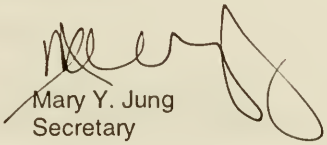
23. Announcement following Closed Session.

President Caen announced the actions taken during Closed Session.

24. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Vice President Dennis Normandy, seconded by Commissioner Bhatt, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

Thereupon, the meeting was adjourned: 3:45 P.M.



Mary Y. Jung
Secretary

SAN FRANCISCO Public Utilities Commission

1/29/02 SFPUC Commission Agenda

PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA
REGULAR MEETING

January 29, 2002
2:00 P.M.
1155 market Street
4th Floor Conference Room
San Francisco, CA

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt

DEPARTMENTS	BUREAUS
Water Department	Commercial Land Management
City Distribution Division	Customer Service
Water Supply & Treatment	Environmental Regulation and Management
Hetch Hetchy Water & Power	Finance
Clean Water Program	Information Technology Services
Water Pollution Control	Personnel and Training
	Strategic and Systems Planning
	Utilities Engineering Bureau
	Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

Agenda and other information are available on the SFPUC web site: www.sfwater.org and the City web site at www.ci.sf.ca.us

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Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

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ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

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Fax: (415) 554-0796.

SPECIAL ORDER OF BUSINESS

4. Public hearing to consider long-term strategic plan, capital improvement program and long-range financial plan of the San Francisco Public Utilities Commission. (Martel)

Staff Recommendation:	For discussion only. This item is proposed for continuance to February 11th, 2002, at 1:30 pm at 1155 Market Street, 4th floor conference room.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 4th Floor
San Francisco, CA 94103

Location:
http://sfwater.org/detail.cfm/MC_ID/5/MSC_ID/19/MTO_ID/57/C_ID/482

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SFPUC

WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

January 29, 2002
2:00 P.M.
1155 Market Street
4th Floor Conference Room

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JUN 17 2002

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COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 2:07 P.M.

2. Roll Call: Present - President Ann Moller Caen, Vice President E. Dennis Normandy, Commissioner Jeffrey A. Chen, and Commissioner Frank L. Cook.

   Commissioner Ashok K. Bhatt arrived at 2:09 P.M., after roll call.

3. Public Comments

   There were no public comments at this time.

SPECIAL ORDER OF BUSINESS

4. Public hearing to consider Long-Term Strategic Plan, Capital Improvement Program and Long-Range Financial Plan of the San Francisco Public Utilities Commission. (Martel)

   President Ann Moller Caen opened the meeting with a request for public comments on items not on the agenda. There were none and she turned the meeting over to Ms. Patricia Martel, General Manager of Public Utilities.

   Ms. Martel gave an overview of what she would be presenting, which would include the following: (1) A PowerPoint presentation covering the history of the Capital Improvement Program (CIP), the need for the CIP, the recent revision process, and the basic differences between the last CIP presented to the Commission and what she would be presenting today and (2) A review of the documents presented – The Long-Term Strategic Plan (LTSP), the CIP, and the Long-Range Financial Plan (LRFP). She explained that she would not go into great detail at this time.

   Ms. Martel went through a PowerPoint presentation which gave a historical context and overview of the San Francisco Public Utilities Commission (SFPUC) and the need for the CIP. The presentation pointed out the age and vulnerabilities in the system and stated that the CIP identifies the risks and challenges in the PUC's four enterprises and establishes goals, objectives, and performance measurements for the CIP. It also addressed our most serious challenges with specific projects prioritized based on their ability to reduce exposure to risks and improve system reliability.

The CIP has 37 regional projects, 39 local water projects, 12 clean water projects, and 8 power projects. It also has a Long-Range Financial Plan which will ensure that the PUC can pay for the CIP and be affordable.

Ms. Martel explained that the old CIP was very broad in providing strategic objectives. There was little context for understanding the risks and challenges and there was little accountability or performance measures. The new plan has very specific solutions. It establishes the conditions of the current system and explains the risks of inaction. It provides measurable performance objectives and establishes a high level of accountability. The LTSP identifies the risks and challenges in the four enterprises, sets specific goals and objectives, and ranks the projects. The CIP addresses the most significant challenges first and clearly defines the projects. The rankings are new and reflect the PUC's organizational priorities. The projects now include future repair and replacement. Ms. Martel stated that rebuilding the system is not enough – we also need to have a plan to maintain the system to prevent problems like the ones we have today. Each new project also reflects new information and revised, more realistic cost estimates.

The LRFP now provides a financial mode that tracks the bond costs over a 30-year period. It provides a broader financial analysis of the enterprises by reviewing the current financial outlook with respect to revenues and expenditures. It also reviews the current state of our capital financing program and identifies options and constraints for capital financing.

A comprehensive performance matrix was designed to ensure accountability so the systems most serious challenges and risks are easily identified. The matrix identifies which projects are necessary to address these challenges and risks and which provide a method for prioritizing, timing and sequencing the projects.

Ms. Martel reviewed the potential rate increases for the customers and costs of some of the projects. A chart was shown comparing the rates of the various water entities in our region. San Francisco ranked near the bottom in cost per month per four-person household. The CIP also allows for growth over the next 30 years. The new system would provide for 71 million new gallons of water a day to meet future needs and also would be legally compliant with federal regulations for water quality. This ended Ms. Martel's PowerPoint presentation.

President Caen asked for questions.

Vice President Normandy thanked the General Manager and staff for their hard work. He pointed out that the impetus for the CIP came from within the PUC, not external sources. He stated that it was important for the public to understand that the SFPUC has not been neglectful or mismanaged, but that the PUC was hamstrung by certain provisions in the City Charter which allowed for substantial amounts of surplus money generated by Hetch Hetchy Water & Power (HHWP) to

be put into the General Fund. Also, the enterprises are not allowed to co-mingle funds.

Commissioner Bhatt commended the General Manager and staff and urged that the CIP be moved as quickly and successfully as possible to the voters. He also brought up the possibility of sharing bond responsibilities with other counties. He described in brief several meetings he had with State Legislators regarding this.

There were no other questions, so President Caen asked Ms. Martel to continue with her presentation.

Ms. Martel went through the three documents sent out to the Commissioners: The LTSP, the CIP, and the LRFP. She explained that she had provided the Commissioners with a summary of the LTSP, and that she was not planning on going through the entire document, but mainly wanted to highlight a couple of areas.

She then proceeded to explain that the LTSP for the CIP identifies strategic objectives that underlie the program and will guide the infrastructure improvements. She outlined basic objectives for the regional water system, the local water system, the clean water system, and for the power system. She stated that each enterprise has a series of goals and objectives, with details to establish both the need and inter-related projects needed and how completion of certain projects will help achieve the basic objectives of reliability, risk reduction, and water quality. Ms. Martel also explained that annual performance audits will take place which will include compliance with water quality regulatory standards and review efforts to mitigate adverse environmental impact resulting from our proposals or actions.

The CIP is estimated to cost $3.8 billion over a 14-year construction period. This figure includes escalation costs of $574 million and assumes a 3 percent inflation rate. It also provides for a $324 million contingency and a management reserve of $194 million. The CIP will include a repair and replacement program to ensure that annually needed facility maintenance improvements are conducted and that sufficient funding would be provided for this. An implementation program has also been put in place with the San Francisco Water Alliance to move the program forward. An Assistant General Manager for Infrastructure will eventually be hired to oversee the program and work with the CIP Manager. The Commission is expected to review the CIP and budget in detail on an annual basis.

Ms. Martel referred to Appendix CIP II and stated that it lists the CIP projects by priority. She said that priority is based on the ability to deliver a more reliable system, while maintaining high quality water in a safe and reliable manner. The appendices also provide project descriptions and schedules.

The LRFP offers a detailed financial plan for implementation of the CIP. It builds on the costs that have been presented in the CIP, including $990 million for repair and replacement projects, funding requirements, and rate increases. Ms. Martel then introduced Mr. William Berry, Assistant General Manager of Finance, to explain to the Commission the financial matters related to the CIP.

Mr. Berry went through and explained how to read the charts in the LRFP. He explained that today, the average ratepayer pays about $38.20 a month for water and sewer service and that by 2015, the rate would be about $80 a month. He pointed out that the financing costs would bring the CIP price to $4.6 billion, which would be a rate increase of $1.38 a day in 2015 compared to today.

Ms. Martel emphasized that the recommended financial policies discussed at the meeting had been presented to the Commissioners before and that they are critical to moving the program forward. These policies will instill a higher level of confidence with the public and allow the PUC to provide assurances to those who are issuing bonds that the PUC has adequate financial policies in place.

President Caen commended the General Manager and staff for the excellent presentation and stated that the next CIP meeting would be on February 11th, and that for that meeting, more details will be provided. She then asked for public comment.

Public Comments:

Mr. Art Jensen, General Manager of Bay Area Water Users Association (BAWUA), listed several points in response to the presentation: (1) the delays in some critical projects for seismic reliability of two to seven years; (2) the project schedules appear to be inconsistent with the original CIP; (3) the financial analysis and the prospect of shared bond funding; (4) BAWUA would like the work accelerated as any delays could increase our risks; (5) the discussions on funding repair and replacement and maintenance is positive; and (6) the inclusion of the Calaveras Reservoir to meet water/drought reliability and future needs.

Mr. Dick Morton, a San Francisco resident, stated that the presentation appeared to be a series of funded projects and didn't see a vision in terms of conservation and new water supplies. He noted that the CIP is a 10-15 year project and asked what would happen in the case of an emergency. He is concerned about the Charter provisions which allows for the transfer of surplus PUC funds to the General Fund and suggested a charter amendment to rectify this. He stated that the bond measures will need explicit language regarding a deferred maintenance plan and a financing plan in place before any bonds are sold.

Vice President Normandy asked, through the Chair, that the comments by Mr. Jensen and Mr. Morton be added to the public presentations and that their

questions and concerns be addressed and taken into account before the February 11th meeting.

Mr. John Plummer spoke next and pointed out that San Francisco is the only county that does not have an active recycled water program. He felt that only 3 percent of the funding went to recycled water and that the low figure doesn't reflect the conservation priorities of the community.

President Caen stated that the PUC will be addressing priorities at the next meeting and asked how priorities were determined?

Ms. Martel stated that priorities were determined by an individual project's ability to reduce exposure and improve system reliability.

Vice President Normandy stated that the Commission has been asking for more detail regarding the priority ranking, including the rationale. He asked again for a report that would list each project, give the rationale for why the project is needed, why it has been ranked according to the ranking it received, and why other projects have been upgraded or downgraded.

Ms. Martel answered that the rankings did not change much from the August documents. Vice President Normandy responded that the August documents didn't provide the rationale for the rankings given. Ms. Martel said this issue will be addressed.

Mr. Morton spoke again and voiced concerns about public confidence in the PUC's ability to implement the CIP, especially in light of how the Board of Supervisors negatively impacted the Bechtel contract.

Mr. Jim Matthias, from the San Francisco Chamber of Commerce, stated that they have been studying the water issue and that rebuilding Hetch Hetchy is a Chamber priority for 2002. He reported on a study they did with 500 voters in October 2001. The Chamber found that 62 percent believe the water system is vulnerable to earthquakes and that 10 percent did not believe it was vulnerable. As more information was given to the voters, the percentages in support of PUC repairs rose. Support of the bond measure is over 50 percent, despite information provided about a rate increase. They believe that voters are willing to put the past behind us and work towards improvements for the future.

Commissioner Cook remarked that he was one of the supporters for putting the entire bond measure on the ballot at one time instead of going back to the voters two or three times.

Vice President Normandy noted that the Commission recognizes that there is a agreement on principle and that there is a need to do public outreach to ensure

passage of the program. He stated that the Commission has asked for a strong communications process in the RFP.

Mr. Jensen reiterated BAWUA's support of the CIP and said that he was encouraged by the Chamber's poll.

Ms. Martel stated that there will be a more detailed review at the next CIP meeting and that any questions and concerns brought up today will be responded to by then. Any comments by the Commissioners will be responded to and incorporated with their direction into the document. Afterwards, the document, including all the revisions, will go out to a series of community meetings in each supervisorial district. Any comments from these district meetings will also be documented and reviewed with the Commission. After that, the Commission can give agreement and approval with moving forward with the consideration of a bond measure. There will also be meetings with the suburban customers, so as to provide as full and as broad a discussion as possible.

Thereupon, the meeting was adjourned at 4:31 P.M.

Mary Y. Jung
Secretary

SAN FRANCISCO Public Utilities Commission

2/7/02 SFPUC Commission Agenda

PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA
Special Meeting

February 7, 2002
1:30 P.M.
1155 Market Street
4th Floor Conference Room
San Francisco, CA

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt

DEPARTMENTS	BUREAUS
Water Department	Commercial Land Management
City Distribution Division	Customer Service
Water Supply & Treatment	Environmental Regulation and Management
Hetch Hetchy Water & Power	Finance
Clean Water Program	Information Technology Services
Water Pollution Control	Personnel and Training
	Strategic and Systems Planning
	Utilities Engineering Bureau
	Water Quality

Patricia E. Martel
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1. Call to Order

2. Roll Call

3. Public Comments

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Fax: (415) 554-0796.

SPECIAL ORDER OF BUSINESS

4. Public Hearing to consider budget proposals for the Operating Budgets for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for Fiscal Year 2002-2003. (Persons who are unable to attend the public hearing may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the commission and will become a part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 4th Floor, San Francisco, CA 94103.)

Staff Recommendation: For discussion only.

ADJOURNMENT

City and County of San Francisco

Public Utilities Commission

1155 Market Street, 4th Floor

San Francisco, CA

Location:
http://sfwater.org/detail.cfm/MC_ID/5/MSC_ID/19/MTO_ID/57/C_ID/474

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SFPUC

WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

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February 7, 2002
1:30 P.M.
1155 Market Street
4th Floor Conference Room

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey Chen

DEPARTMENTS
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- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
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Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:34 P.M.

2. Roll Call: Present – President Ann Moller Caen, Commissioner Frank L. Cook, Commissioner Ashok K. Bhatt, Commissioner Jeffrey A. Chen

   Vice President E. Dennis Normandy arrived at 1:37 P.M., after roll call.

3. Public Comments

   There were no public comments at this time.

SPECIAL ORDER OF BUSINESS

4. Public Hearing to consider budget proposals for the Operating Budgets for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission (SFPUC) for Fiscal Year 2002-2003.

   President Ann Moller Caen asked for public comment. Seeing none, she turned the meeting over to Ms. Patricia E. Martel, General Manager of Public Utilities.

   Ms. Martel opened by stating that at the last Budget Meeting, each operating division and bureau gave an overview of their requests for new services, programs, and staffing. Questions arose at that time which will be responded to at this meeting. Ms. Martel will also answer questions raised about information not presented at the last meeting and will review in detail the baseline budget and the capital budget items.

   Ms. Martel introduced Mr. Kingsley Okereke, Director of Finance, who will answer the Commission's question regarding the fund balance: What is the composition of the fund balance and how is it determined? Mr. Okereke explained that the fund balance is composed of all the revenues earned throughout the year, less all of the appropriations for the fiscal year. At the end of every fiscal year, the Controller recalculates the fund balance by adding up all the revenues collected and then subtracting all the expenditures, including encumbrances. Encumbrances include items the SFPUC has legally committed to procure, but not yet made the actual payment.

   President Caen asked if we do regular projections on the fund balance? Mr. Okereke answered affirmatively and explained that Finance does regular projections throughout the fiscal year, and also projects out for many years as part of the SFPUC long-term financial planning process.

Ms. Martel addressed the second issue raised at the last Budget Meeting relating to existing vacancies and the possibility of utilizing vacant positions in the current budget to fill any of the proposed new positions. Ms. Martel referred to a document outlining the vacant positions sent to the Commissioners. She introduced Therese Madden, the Manager of the Bureau of Personnel and Training, who then spoke before the Commission.

Ms. Madden started by noting that the SFPUC is in a much different position today regarding vacancies than the previous year. Last year, there were a large number of vacancies – many that were relatively old. This year, the SFPUC has vacancies, but not enough funding to cover them.

Commissioner Cook stated that he was the one who questioned the vacancies at the last meeting and asked if the SFPUC could take the long-term vacant positions and convert them into the types of positions we need, instead of creating new positions as requested at the last meeting.

Ms. Madden answered that there are very few vacancies other than the ones that cannot be filled due to funding problems. Commissioner Cook, Mr. Okereke, and Ms. Martel then discussed salary savings and how vacant positions could be used for the proposed new positions. Ms. Martel agreed to provide, at the next meeting on the budget, one report which will list all the new positions and all the vacant positions. The Commission can then use the report to determine which positions are interchangeable and what cuts and additions can be made.

Ms. Martel next introduced Michael Carlin, Manager of the Bureau of Strategic and Systems Planning, to answer the question regarding Lake Merced and other water-related issues and whether or not the SFPUC should hire a hydrologist. Mr. Carlin said that the SFPUC did put in a nominated proposal for additional funds for ground water management. He concurred with the suggestion regarding hiring a hydrologist and recommended that this be added to the budget. He stated that a job classification would have to be created for this position since none currently exist in the City's Civil Service System.

Vice President Normandy asked whether there could be other uses for a hydrologist. Mr. Carlin answered that the SFPUC always has issues with ground water whenever we are constructing facilities, plus we get calls from other entities doing construction in the City. The hydrologist could do this work.

Commissioner Cook made the suggestion that the scope of the job classification should be broad enough so that it can be used as more than just a specialty and that the classification should include other responsibilities written in such a manner that the person filling the position will not be doing only hydrology work.

Vice President Normandy, referring back to Mr. Okereke's answer regarding fund balances, directed the staff to provide footnotes in any public budget documents to provide clarity. Ms. Martel agreed to this.

Ms. Karen Kubick, Manager of the CIP, was asked to explain the CIP organizational chart by Ms. Martel. Ms. Kubick started with a slide presentation and gave an overview of the staffing needs to initiate the CIP and a comparison of the responsibilities of the UEB, the Program Management Consultant, As-Needed Consultants, and the CIP Organization.

Ms. Kubick stated that with the current capital work at $40 million per year, compared to the CIP, which is at $400 million per year for ten years, the SFPUC needs more staff and expertise that is currently on board. The CIP has 10 Clean Water projects, 37 Water Supply projects, and 40 City Distribution Division projects. She explained the information two charts showing the contract delivery phases and the staffing projections, noting how the two correspond.

Comparisons were next made by Ms. Kubick to other projects similar in size and staffing – San Francisco International Airport, Boston Harbor, and North West Water. She stressed that our main challenge will be filling the staffing gap. She explained the difference in roles between the CIP Manager, the UEB Manager, the San Francisco Water Alliance (SFWA), and other as-needed consultants. Mainly, the CIP organization pushes the CIP through. UEB will continue with their capital work with the increase in the repair and replacement (R&R) program, which will include increases in pipe and sewer replacements.

In detailing UEB's responsibilities, she described how UEB is the training ground for construction management and design services. UEB will also be overseeing the SFPUC's other bond and revenue program work. They will also be setting the SFPUC's design and engineering standards and will help develop the procedures for the CIP organization and the contract administration function.

Ms. Kubick described the SFWA's role in the long-term as assisting in the development of the organization which includes gathering and providing outside information on implementing programs this large and identifying the roles and responsibilities of management staff, support engineering staff, and the augmenting teams. She stated that they have already provided valuable cost estimating programs that will help us as we develop project control systems for oversight and accountability. SFWA will be able to provide help with specialties currently not at the SFPUC, such as geotechnical drilling rigs.

Ms. Kubick stated the importance of moving forward with the hiring process because of the amount of time it takes to hire in the City's Civil Service System and the training involved afterwards. She noted that the SFPUC is working on a Joint Labor Management Committee with staff, Local 21, and DHR to streamline the

process and clear away any issues. She stressed that any delays in this front end will lead to delays in the projects and cost overruns at the other end.

President Caen asked for questions. Vice President Normandy asked about an Assistant General Manager who will oversee the CIP and asked if that person needed to be added in the budget. Ms. Martel responded that the position was already authorized and funding is available. Currently, the PUC is finalizing the search and she expects to have an appointment within the next 30 to 60 days.

Commissioner Cook commented about Ms. Kubick's remarks about the SFWA going out to look for resources and consultants. He stated that his expectation, when the SFWA received the Program Management Contract, was that they already had this information so that they wouldn't be spending time doing research, and instead can step in and move the program forward. Ms. Kubick stated that the dilemma is design and that the SFWA can handle project management, program management controls, and IT. She also noted that anytime we hire within the Civil Service System, we need to ensure a fair employment duration. Staffing needs will go up and down during this project and this balance needs to be handled carefully. The SFWA is expected to help with this.

Ms. Martel added that Ms. Kubick and Ms. Madden are putting together a proposed hiring plan and will do as much as possible so that when the go-ahead is given for hiring, the SFPUC will be ready.

President Caen asked ms. Kubick to supply a clearer separation of what the jobs are, starting with the CIP Manager, the UEB Manager, the SFWA, and the consultants. Vice President Normandy asked for a process which clearly defines where bond money is being spent, ensuring that each project has enough funding.

Ms. Kubick responded that the CIP organization will be team oriented, so proprietary behavior over projects and funding will be kept to a minimum. New project management skills have also been introduced by the SFWA to enhance success and support. Ms. Kubick then went over the listing of positions needed and basic job descriptions for each of them.

President Caen asked for questions. Mr. Art Jensen, General Manager of the Bay Area Water User's Association (BAWUA) asked if staffing changes will result as an outcome of the changes to the SFWA contract. Ms. Kubick stated that the staffing levels will be the same, but that there would need to be a new program manager who will be brought in as a consultant.

Vice President Normandy noted that any delays or interruptions in the Program Management Contract could bring about a two or three year delay in the CIP. Ms. Martel agreed and stated that she will convey this message at her next appearance before the Board of Supervisor's Finance Committee Meeting.

Ms. Martel next asked Mr. Larry Klein, Assistant General Manager of Operations, to address the SFPUC's vehicle replacement policy. He stated that the state policy is six years or 60,000 miles. The SFPUC might put in for a new vehicle at 80,000 miles, but the odometer will reach 100,000 miles by the time the replacement arrives. The same timeline is true for heavy equipment, such as trucks. The SFPUC follows the City & County of San Francisco policy. Commissioner Cook expressed concern about the quality and safety of vehicles which need to be replaced, but are not. Mr. Klein pointed out that automobile quality has changed and that 100,000 miles is acceptable.

Mr. Ed Smeloff, Assistant General Manager of Public Power and Policy, was asked by Ms. Martel to address how the Mayor's Energy Conservation Account (MECA) funds are being spent and what projected savings resulted from these new programs. Mr. Smeloff said that there are currently seven specific projects underway. The current budget for MECA is $15 million. The projects include: (1) lighting retrofit at San Francisco General Hospital (kilowatt savings per year – 280,000); (2) replacing all the traffic signals (kilowatt savings per year – 6,263,000); (3) relamping and changing heating, ventilation, and air conditioning equipment at about 20 public health clinics; (4) refrigerator replacement at various Housing Authority Section 6 homes; (5) relamping some Department of Recreation and Parks facilities; (6) cogeneration system at San Francisco General Hospital; and (7) Upgrade the HVAC systems at San Francisco General Hospital. Mr. Smeloff also went into detail on costs for the projects, how energy savings are calculated, and usage for extra kilowatt hours produced. He noted that there is still $2.5 million available for other projects.

Ms. Martel continued the meeting with a discussion relating to a question asked at the last Budget Meeting requesting information on all budget proposals that were requested for the 2002-2003 budget, but were not recommended. Ms. Martel had provided summary sheets on these proposals and they indicate any new positions needed, amount of funding requested, and the type of funding (one-time expenditure, on-going funding).

President Caen asked about funding the Balboa Reservoir and the Learning Center for FY 2002-2003. Ms. Martel responded that the Balboa Reservoir project is in the CIP. In regards to the Learning Center, Ms. Martel noted the lack of information she had received to adequately review the program for this fiscal year, but was willing to. *Vice President Normandy directed staff, through the General Manager, to do the necessary work so that the Learning Center can be included in the budget for FY 2002-2003.*

Vice President Normandy expressed concern about the loss of positions in the communications program. Ms. Martel stated that additional funds were given for professional services contracts to do the work and that she was willing to re-evaluate and add a position instead. Vice President Normandy said he was agreeable to consultant services to do the job. He immediately brought up the

topic of federal lobbying consultant services and wanted to make sure we put in enough money to receive the services we need.

Ms. Martel directed the Commissioners to two attachments: (1) a proposal sheet for the Southeast Community Facility to extend a part-time clerk/typist position into a full-time position to augment the Director of the Center's staff; and (2) a proposal consolidating the needs of the various bureaus regarding new proposals addressing security issues. These will be brought back later with a proposal for supplemental funding.

President Caen asked about the $12.5 million for the security proposal. Ms. Martel responded that the $12.5 million figure is not conclusive. A thorough review of the security proposals still needs to be done. Once an accurate number is established, Ms. Martel will bring a supplemental request before the Commission.

Commissioner Cook had requested information on training costs at the previous Budget Meeting. Ms. Martel provided the Commissioners with a summary of the training budgets for each bureau and division and the actual amount that was spent in 2001, what was budgeted for 2002, and what is being requested for 2003. Commissioner Cook stressed the importance of an ongoing training program for safety and job quality reasons. He noted that some divisions have not utilized their training budgets, but did with overtime.

Ms. Martel moved the discussion forward to the baseline budget and introduced Laurie Park, Acting General Manager for Hetch Hetchy Water & Power (HHWP). Ms. Park stated that she is asking for six additional operations people. HHWP is not in compliance with the Local 21 MOU for the powerhouse because they have not been able to fully staff it, especially during nighttime shifts. HHWP also needs an on-site manager at early intake, a watershed management employee, a water resource planner and analyst, and a hydrologist.

Ms. Park went into detail about proper staffing numbers and Vice President Normandy expressed concern that she might have short-changed HHWP in her request and suggested that additional hiring be considered. Commissioner Cook expressed interest in HHWP promoting staff to the new classifications. Ms. Park explained the open annual recruitment performed according to Civil Service Rules whenever HHWP has a vacant or new position. She also tries to build redundancy in groups so that staff shortages are not felt as severely.

Ms. Cheryl Davis, Manager of Water Supply & Treatment (WST) came before the Commission and began by answering questions regarding fire management at a cost of $.5 million. Ms. Davis pointed out that fire management was in the FY 2001-2002 budget, but on a contractual basis. The level of budgeting is focused on watersheds, not the ridge trail. She noted that she had cut her request in half. Ms. Davis originally asked for eight positions and equipment. She also explained

that some of the work they need is outsourced to other Departments such as Recreation and Park for tree topping.

Mr. Tony Flores, Manager of the City Distribution Division, was available for questions. There were none.

Mr. Alan Park, a Superintendent in the Clean Water Program, addressed the salary savings question posed by Vice President Normandy. Mr. Park stated that Clean Water has 393 positions. Because of the SFPUC's special salary savings, 60 positions were not funded (or 15%). The Bureau of Personnel and Training did a good job this year of filling positions, so Clean Water doesn't have enough money to fund all the people who were actually hired.

Mr. Okereke explained that the proposal to reduce salary savings is a paper transaction. Ms. Martel noted that in the rest of the City, salary savings are typically at 5% and is used as a budget management tool, not a position cutting tool and stated that perhaps the SFPUC's special salary savings are not realistic anymore.

Vice President Normandy left the meeting at 3:39 P.M.

President Caen asked for questions on Finance. Seeing none, she moved on to Mr. Randy Stauffer of the Information Technology Services Bureau, who announced he was sitting in for Mr. Hans Loffeld, the Manager of the Bureau. President Caen noted that the costs seemed high.

Mr. Stauffer explained that the program will centralize the computer replacement program, instead of having each division manage their own. ITS will be replacing personal computers on a three-year cycle for everyone who has one in order to avoid obsolescence and ensure everyone has good technology to perform their jobs. Hardware will also be standardized which will allow for easier support.

Vice President Normandy returned to the meeting at 3:45 P.M.

President Caen, Commissioner Cook, Ms. Martel, and Mr. Stauffer had a discussion about the unit costs, software costs, City-approved vendors, and pricing. Mr. Stauffer agreed to revisit the budget figures and resubmit the numbers along with a narrative on our business arrangement with our contractor and how the contractor was chosen. Vice President Normandy suggested we take the lead in the City departments in questioning vendor costs.

Mr. Okereke staed that there is also a $200,000 licensing fee. Mr. Stauffer responded that this is for the document management program the SFPUC is currently undertaking. Ms. Martel noted that she has been looking at a variety of internal systems and the types of equipment and tools available to staff to effectively perform their jobs. Standardized PC replacement and document management are two investments she supports.

President Caen asked for questions on the Bureau of Strategic and Systems Planning, Commercial Land Management, and Water Quality. Seeing none, she moved onto the Owner Controlled Insurance Program (OPIC).

Vice President Dennis Normandy had a question about the salaries at the bottom of page 33 – are the three employees at OCIP going to return to UEB eventually? Mr. Okereke answered that they will go back to UEB once the budget process goes through that allows the SFPUC to hire these positions permanently.

This concluded the review of the baseline budget. President Caen asked Mr. Martel to share her thoughts on performance evaluation. Ms. Martel stated that she is in the process of implementing an overall performance evaluation of all the various operations this year. She noted the lack of information readily available on different performance indicators typically used to assess the effectiveness of the SFPUC's various enterprises.

She is requesting approval for $.5 million for a performance appraisal similar in type to the one conducted for the Santa Clara Water District. The appraisal will take about a year.

Vice President Normandy said he agreed in principle with the proposal and wanted to see an example of what such a study would look like. President Caen agreed and asked about the size of the Santa Clara document. Ms. Martel responded that it is large and that the company who did the study could make a presentation before the Commission.

Commissioner Cook asked what the result of the Santa Clara study was – is it a work in progress? Was it helpful? Did they just evaluate and walk away? Ms. Martel said that her colleague, the General Manager of the Santa Clara Water District was very complimentary to the consultant and the study and that they were in the process of implementing recommendations that were made in the study.

President Caen then suggested that the Commission go through the Budget notebook starting with Chapter 2, Page 2. She asked what the long-range planning from the General Manager's Office is? Page 3, Tab 2. Mr. Carlos Jacobo, from Finance, explained that it is just a budget transfer - that the money in question was originally budgeted in the PUC General Manager's budget and it is now being moved back to HHWP for FY 2002-2003.

Regarding Tab 3, Commissioner Normandy asked about the Ridge Trail and Alternative E and how these factored into the numbers shown. He also wanted to know if the SFPUC can look to outside contractors for things like training, to save in equipment, staff, insurance, and liabilities.
Ms. Davis responded that Ridge Trail costs were considered and are reflected in the budget. However, there might be some ADA costs that she is not aware of yet. In regards to contracting out, the SFPUC has done this where possible.

Moving on to Tab 4, Page 2, President Caen asked Mr. Jacobo to explain the $20 million intrafunds transferred out. Mr. Jacobo explained that the $20 million is the revenue fund and capital and that it is put into the operating fund and then transferred to the capital fund. He said that this will also happen next year.

Regarding Tab 5, Mr. Park was asked to discuss the budget impact (deficit spending) on Page 3. Mr. Park noted that the deficit spending is due to the impact of Proposition H and that in the last six years, Clean Water has cut almost $5 to $6 million. He said that if you take into the consideration the salary increases mandated by the collective bargaining agreements and another four years of Proposition H limitations, the financial picture for Clean Water is bleak. Ms. Martel added that we are now facing a $2 million problem with odor control chemicals because the prices have escalated.

Vice President Normandy asked if there was any funding available from other sources, such as the Federal government. Ms. Martel and Mr. Park stated that they didn't know of any.

Moving on to Tab 6, President Caen asked about the First Aid Training and costs. Mr. Flores, Ms. Martel, and President Caen discussed this and agreed that more information clarifying what this proposal is will be provided.

There were no questions or remarks on Tabs 7 and 8. On Tab 9, Commissioner Cook stated that he noticed that UEB managed their budget well and that he appreciated their diligence with working within their budget. Vice President Normandy asked about Page 2, which shows a 100 percent reduction in its operating budget. Mr. Michael Quan, Manager of the Utilities Engineering Bureau, explained that the UEB used to fund a portion of the overhead cost in the operating budget. He added that they have been gradually reducing that amount by recovering the overhead through capital projects.

There were no questions or remarks on Tabs 10, 11, 12, 13, 14, and 15.

President Caen asked Ms. Martel if there was anything else. Ms. Martel noted that there will be another meeting on February 12th to review the capital projects. She also asked for direction relative to the remaining schedule for the Budget and the CIP. A schedule was originally given, but given the questions asked today, another meeting will be necessary. She asked that additional meetings be set and noted that the budget has to be submitted to the Mayor on February 20th.

Thereupon, the meeting was adjourned at 4:32 P.M.

Mary Y. Jung
Secretary

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 4th Floor
San Francisco, CA 94103

SAN FRANCISCO Public Utilities Commission

2/11/02 SFPUC Commission Agenda

PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA
REGULAR MEETING

February 11, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt

DEPARTMENTS	BUREAUS
Water Department	Commercial Land Management
City Distribution Division	Customer Service
Water Supply & Treatment	Environmental Regulation and Management
Hetch Hetchy Water & Power	Finance
Clean Water Program	Information Technology Services
Water Pollution Control	Personnel and Training
	Strategic and Systems Planning
	Utilities Engineering Bureau
	Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

Agenda and other information are available on the SFPUC web site: www.sfwater.org and the City web site at www.ci.sf.ca.us

Disability Access

The Public Utilities Commission meeting will be held at 1155 Market Street, 4th floor conference room, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165,

Fax: (415) 554-0796.

SPECIAL ORDER OF BUSINESS

4. Public hearing to consider long-term strategic plan, capital improvement program and long-range financial plan of the San Francisco Public Utilities Commission. (Martel)

Staff Recommendation: For discussion only. This item is proposed for continuance to February 12th, 2002, at 1:30 pm at 1 Dr. Carlton B. Goodlett Place, Room 400.

ADJOURNMENT

City and County of San Francisco

Public Utilities Commission

1155 Market Street, 4th Floor

San Francisco, CA 94103

Location:
http://sfwater.org/detail.cfm/MC_ID/5/MSC_ID/19/MTO_ID/57/C_ID/475

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SFPUC

WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

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February 11, 2002
1:30 P.M.
1155 Market Street
4th Floor Conference Room

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

DEPARTMENTS
Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:37 P.M.

2. Roll Call: Present – President Ann Moller Caen, Vice President E. Dennis Normandy, and Commissioner Jeffrey A. Chen.

   After Roll Call, Commissioner Ashok K. Bhatt arrived at 1:42 P.M. and Commissioner Frank L. Cook arrived at 1:46 P.M.

3. Public Comments

   There were no public comments at this time.

SPECIAL ORDER OF BUSINESS

4. Public Hearing to consider long-term strategic plan, capital improvement program and long-range financial plan of the San Francisco Public Utilities Commission.

   President Caen asked for public comment. Seeing none, she called on Ms. Patricia E. Martel, General Manager of Public Utilities, for the staff's presentation regarding the Capital Improvement Program (CIP).

   Ms. Martel started her presentation acknowledging that a large portion of this meeting will be devoted to questions raised by the Commissioners at the January 29, 2002 meeting and she specifically referred to a request made by Vice President Normandy for a listing or summary of projects in the CIP, which would include detailed information regarding (1) ranking, (2) description of project, (3) rationale for prioritizing the project, and (4) risk reduction result from each project. She noted that there is a framework for the overall rationale for the projects in the CIP and a ranking system was developed.

   Ms. Martel explained the difference between the projects listed in the CIP and our past capital projects. In the past, capital projects were chosen annually and were independent, stand-alone projects, with beginning and end dates that had funding allocated to them. The CIP has a ten to twelve year timeline and a much broader framework. She stated that the CIP is a program of inter-related projects, each critical in terms of operational issues, regulatory guidelines, future growth, repair and replacement needs, and risk evolvement; therefore, it is not possible to cut the amount of money needed for these projects, nor to cut out projects without affecting the long-term reliability of the water delivery system. Each project has its own time frame and has a window for completion before another project begins. Ms. Martel stated that it is the completion of the total CIP that will reduce our risks.

Ms. Martel asked Mr. Michael Carlin, Manager of the Bureau of Systems and Strategic Planning, to address the Commission regarding the Summary Sheet and asked him to specifically identify the projects that have had ranking changes since the last document.

Mr. Carlin began by explaining that the program contains four plans: (1) local water, (2) regional water, (3) clean water, and (4) power. Referring to the matrix that was sent to the Commissioners, Mr. Carlin went through the noticeable ranking changes in the CIP: (1) Calaveras Dam replacement is now in the CIP and is no. 8. At $170 million, this caused a shift in dollars and schedules. (2) San Joaquin Pipeline No. 4 has been moved up in the schedule. It was no. 12 and was supposed to start at the ten to twelve year period. It will now start as early as 2004. At $350 million, it also shifts the overall dollars and cash flow.

Within the Regional Water Program, capacity for the Sunol Treatment Facility has been increased to 240 million gallons a day. This was moved to no. 10, andhis, combined with the Harry Tracy Water Treatment Plant improvements (which were also moved up), allows treatment capacity of up to 400 million gallons a day, which allows for operational flexibility and regulatory needs. He explained that there has been movement both ways in the schedule for some of the projects, but all are supposed to start within a ten-year period and all are scheduled for completion within a 13-year period. He noted that the Bay Division Pipelines, Nos. 3 and 4 Cross Connections, was no. 6 in the August 14th document, and is now no. 15. This new ranking is based on the actual start date.

The Bay Division Pipeline Hydraulic Capacity Improvements is no. 4 on the Regional list. It has stayed the same, but the schedule has changed. The start date is now 2006. The new analysis shows that it can start at a later date and the price tag is around $280 million.

The Emergency Power at the San Antonio Pump Station is now no. 5. This gives back-up power to pump water to the Sunol Valley plants for treatment purposes in case of emergency. The Tessla Portal Disinfection Station is no. 11 and was not ranked August 14th.

Mr. Carlin made an example of the types of changes made since the August 14th document. The Hetch Hetchy Disinfection Project is an example of a project that is regulatory in nature which involves the use of ultraviolet radiation for disinfecting our water supply. Originally ranked as a two-phase project at no. 20, this was moved up because of proposed rules that are about to come out which will have statutory deadlines.

President Caen expressed concern that the San Francisco Public Utilities Commission (SFPUC) spends a lot of time on planning and not moving forward. Because so much time is spent on planning and environmental reviews, she would like more of the projects to go into the planning stage right away. Therefore, she

would like projects to start next year and would like to see this reworked into the CIP. Commissioner Cook concurred with this and expressed his dislike for stagnation.

Vice President Normandy also agreed and thought that we should put as much as we could up front and not worry about the escalating costs down the road. He is also concerned that the SFPUC will not be able to explain the programmatic approach to the general public and how all the projects are interrelated.

Ms. Martel stated that she agreed with the comments and that the SFPUC is in the process of instituting tracking systems that will make our poor history on project delivery and completion a thing of the past. She noted that at this time, because of the budget deliberations, the SFPUC is short-staffed and will not be able to fill key positions until the budget for FY 2002-2003 is approved. Some preliminary planning has started on some CIP projects, but full-scale implementation of planning and related activities cannot start until more staff is hired. Currently, the Utilities Engineering Bureau (UEB) staff is helping with these projects.

Regarding explaining the programmatic aspects of the CIP to the public, Ms. Martel felt that fund allocation has to be explained fully, and that systems are being put in place to manage the funds better and track the projects effectively. Currently, the SFPUC cannot track a project, but under the new system, the SFPUC will be able to answer questions at any time on the status of a project.

President Caen stated that she would like to see more of the regional water projects start the planning phase next year in 2003.

Vice President Normandy raised a couple of points in reference to a letter from the Bay Area Water User's Alliance (BAWUA). He wants the record to indicate why changes were made to the strategic objectives and why they are different than those that originally resulted from meetings with BAWUA. He is also concerned about the scheduling of projects and how the projects dovetail with the Water Reliance Master Plan and overall Supply Reliability Plan.

Commissioner Cook asked for clarification on the words "rebuild" and "replace" – whether or not the words are the same and what the distinctions are. Mr. Carlin explained that "rebuild" means to rebuild existing structures that are already in place. "Replace" means replacing an entire structure.

Mr. Carlin was asked by President Caen to respond sequentially to a letter written by BAWUA dated February 2, 2002: (1) BAWUA asked that the SFPUC supply an executive summary. The SFPUC has agreed to do this and will include any additional information; (2) Supply a concise figure for the exact size of the CIP and what is included. Mr. Carlin stated that this is being worked on; (3) Be aware that some of the critical CIP projects differ significantly from some of those recommended in the Water Supply Master Plan and the Facility Reliability Plan.

BAWUA referred to four specific projects. The Water Supply Master Plan listed seven stand-alone projects with a preferred schedule. Mr. Carlin stated that these have changed due to new information that was not available at the time the report was issued.

Vice President Normandy pointed out that the current CIP document will supersede the Water Supply Master Plan and the Facility Reliability Plan because of changes warranted by new information. Mr. Carlin explained that it was not possible for SFPUC staff to meet with BAWUA given the small time frame we had to work in. He expects the SFPUC to meet with BAWUA again during this process.

Ms. Martel clarified that the information presented today is part of the review process and is subject to revision based on new information presented, negotiations with BAWUA, and public comment. She stressed that changes can be made.

Vice President Normandy expressed the importance of documenting the changes that are made and that there be a clear rationale behind every project and every dollar spent. He asked if this was unreasonable given the time factor. Ms. Martel assured him that detailed notes are being taken and that she will work within the schedule.

Continuing with the SFPUC response to the BAWUA letter, Mr. Carlin noted that on no. 4, the SFPUC will be reviewing the schedule for the Regional Water Projects. He stated that the SFPUC also agrees with BAWUA's assessment that project tracking systems need to be improved, not only to create public confidence and internal project controls, but also to provide a baseline so we can show progress.

BAWUA also expressed concern with the revisions to the SFPUC strategic objectives, which they addressed in item no. 6. Mr. Carlin stated that senior management did an internal review of Regional Water and revised some of the strategic objectives and also created performance measures. He assured the Commission that he will meet with BAWUA to explain the changes and how some changes will satisfy them (such as committing to a draft crisis management plan by June 30, 2003). Regarding no. 7, clarification of a consistent rate increase policy, he turned the question over to Bill Berry, Assistant General Manager of Finance.

Mr. Berry referred to the Long Range Financial Plan and said that the spread sheet shows that we are doubling the current amount of revenues that go to repair and replacement projectsannually, but not everything is spelled out due to the need for flexibility since the wording of the proposed ballot initiatives for this Fall have not yet been drafted. Vice President Normandy stated that we should avoid vagueness since it could leave us vulnerable. Mr. Berry answered that he could do whatever was requested, but that he was just explaining the process so far.

Mr. Carlin spent the next part of the meeting answering a letter from BAWUA dated January 30, 2002 addressed to the Commission; these subjects included: (1) Meeting schedules. Mr. Carlin said that this was addressed in a February 6th letter; (2) Compatibility of proposed schedule with Water Supply Master Plan and Feasibility Reliability Study. Again, Mr. Carlin said this was addressed; (3) BAWUA commented that the ongoing maintenance and replacement of new and existing facilities was positive; (4) BAWUA also stated that the Strategic Plan objectives have performance measures and this was viewed positively; (5) Concern over ability to complete CIP. Mr. Carlin said that we have noted all the concerns and acknowledge the need for program management consultants to help manage the overall program; and (6) Alternative Financing. Mr. Carlin concurs with Commissioner Bhatt's comments on this subject and there are continuing discussions of what these financing alternatives will look like.

Ms. Martel interjected that bond measures will be considered and that the SFPUC will be providing more information on financing alternatives as the review process continues. Vice President Normandy stressed the need for including BAWUA in these financial discussions and that we make it clear that we support joint funding, not but joint power authority, pointing out that this would be in violation of the Raker Act. President Caen concurred with this.

Ms. Martel explained that this has been the SFPUC's consistent message that the governance needs to be separated out and that a funding mechanism needs to be created to finance regional projects.

Vice President Normandy asked that the comments by Mr. Dick Morton and Mr. John Plummer from the last meeting be included as part of the review process and that the SFPUC address their concerns, along with BAWUA's, immediately. Mr. Carlin responded that a rough summary of their remarks was provided to the Commission and that responses are being drafted.

Mr. Carlin next spoke on the Local Water Plan and said that projects such as the pump stations and tanks/reservoirs are now tied together in a sequential fashion; i.e., if we work on a pump station, we will also work on the associated tank at the same time or shortly afterwards. Ranking is based on start date. Recycled Water has been moved up – nos. 9 and 39 – and comprises $110 million or 25 percent of the local water expenditures. San Francisco costs are higher than other cities, such as Daly City, because we have to build a transmission system to move the recycled water and we have to build storage. The SFPUC will also have land acquisition costs for this.

President Caen asked about the whereabouts of the Northwest Reservoir.
Mr. Carlin answered that it was moved down to no. 38 from no. 22. The SFPUC is working with the Presidio Trust and National Park Service for building this. It should be finished in the year 2011.

According to Mr. Carlin, the Clean Water Plan's most significant change concerned odor control. Odor Control at the Southeast Plant was moved from no. 7 to no. 4, from a cost of $9 million to $81 million. Meetings with Bill Keaney, his staff, and others led to the expansion of the program to address all the issues and concerns at the plant in a timely manner. There are also additional controls for wet weather facilities. In total, the costs have gone up $20 million since the other projects are scheduled out to a later date.

Mr. Carlin stated that the Solid Handlings Improvements will be $341 million and is no. 3 on the priority list.

The Power Plan was reviewed next. Mr. Carlin stated that the August 2001 CIP contained a larger number of projects than what is in the current version because some of the power projects were moved to the FY 2002-2003 budget. He explained that the Power Plan is in development and will continue to be until a long-term strategic outlook is decided for power – not only with Hetch Hetchy, but also for power for San Franciscan's.

Mr. Carlin ended his presentation and Ms. Martel took this time to address President Caen's concerns about doing more planning now to expedite future projects. Ms. Martel explained that we are in the process of doing more planning than originally anticipated and will take a look to see how we can take on additional work. As the SFPUC is currently working on projects, she said we are using our current CIP training for program management and applying it to our local projects so staff can get experience in applying these new skills. Ms. Martel will come back to the Commission with an assessment of what other preliminary planning can be done.

Vice President Normandy asked if the CIP meetings with suburban customers were going to start the week of February 25th. Ms. Martel answered that this week seems to accommodate the schedule that has been worked out. There will be another Commission meeting to address the final comments and to review the issues raised today and this would push out the start day for the public meetings by one week. Letters to the Board of Supervisors have already been sent to them inviting their participation. A proposed list of dates will be sent out to the Commissioners as soon as it is available.

Vice President Normandy emphasized that the SFPUC is urging open dialogue regarding the CIP, that valid points of view will be considered, and that the SFPUC is not simply rationalizing our positions. Ms. Martel answered that all comments received will be answered.

Ms. Martel proposed that the SFPUC hire R.W. Beck to conduct an independent engineering analysis of the proposed CIP. The Mayor's Infrastructure Task Force had asked for this review, which would include the CIP and the Long-Range Financial Plan. A Blue Ribbon Panel will also be formed that will review the

findings of the engineering analysis. Mr. Jim Chappell, Executive Director of SPUR, will assist in its development. The report and findings are expected to be independent and the recommendations will be incorporated into the document. The preliminary results should be in hand by May, and feedback will be given as the process continues. Ms. Martel expressed the view that this type of independent analysis will instill a higher level of confidence from the public and Board of Supervisors regarding the information presented; i.e., that no one will have to say they have to take the word of the staff of the PUC.

President Caen closed by stating that this was an excellent idea.

Thereupon, the meeting was adjourned: 2:55 P.M.

Mary Y. Jung
Secretary

SFPUC

WATER
HETCH HETCHY WATER & POWER
CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

/02

Willie L. Brown, Jr.
MAYOR

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AGENDA

REGULAR MEETING

February 12, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

02-07-02P

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

Disability Access

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The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Discussion and possible action relating to the election of President and Vice President

4. Approval of Minutes

5. Communications

6. Old/Ongoing Business by Commissioners

7. Introduction of New Business by Commissioners

8. Report of the General Manager

9. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

    a) Staff Recommendation: Approve the plans and specifications and authorize the Utilities Engineering Bureau Manager to advertise for bids for Contract No. WD-2387, Lombard Street Reservoir - Replacement.

    b) Staff Recommendation: Ratify the Declaration of Emergency made by the General Manager of the Public Utilities Commission on January 7, 2002, for the replacement of the structurally inadequate sewer on O'Farrell Street, from Van Ness Avenue to Franklin Street (CW-327E).

    c) Staff Recommendation: Approve the plans and specifications and authorize the Utilities Engineering Bureau Manager to advertise for bids for Contract No. CW-315, SEWPCP – SE930 and 940 HVAC Improvements.

    d) Staff Recommendation: Accept work performed for Contract No. WD-2278, Crystal Springs Pipeline No. 2 Section 3 and Sunset Supply Pipeline Cathodic Protection, and authorize final payment of $99,301 to American Construction and Supply, Inc.

REGULAR BUSINESS

11. Public Hearing to consider budget proposals for the Operating Budget and Capital Improvement Budget for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for Fiscal Year 2002-2003. (Persons who are unable to attend the public hearing may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the commission and will become a part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 4th Floor, San Francisco, CA 94103.) (Continued from Special Meeting of February 7, 2002)

Staff Recommendation:

a) Adopt the proposed Operating Budget for the enterprises and bureaus of the San Francisco Public Utilities Commission for Fiscal Year 2002-2003.

b) Adopt the proposed Capital Improvement Budget for Hetch Hetchy Water & Power, Water, and Clean Water Enterprise for Fiscal Year 2002-2003.

12. Discussion and possible action related to supplemental appropriation for the Clean Water Enterprise. (Okereke)

Staff Recommendation: Authorize the General Manager to request the Mayor to recommend to the Board of Supervisors approval of a supplemental appropriation in the amount of $1,220,000 for the Clean Water Enterprise to cover the cost of water sewage treatment chemicals for FY 2002.

LEASES AND PERMITS

13. Discussion and possible action related to an exchange of office space between the SFPUC and the Department of the Environment. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a Memorandum of Understanding with the San Francisco Department of the Environment to exchange office space at 1212 Market Street for space at 1145 Market Street.

CONSTRUCTION CONTRACTS

Award

14. Discussion and possible action related to Contract No. WD-2332. (Quan)

    Staff Recommendation: Award Contract No. WD-2332, Sutro Reservoir – New Inlets, Roof Repairs & Miscellaneous Improvements, in the amount of $5,269,005 to Mitchell Engineering.

15. Discussion and possible action related to Contract No. WD-2370. (Quan)

    Staff Recommendation: Award Contract No. WD-2370, 36-inch Sutro Pipeline from Central Pump Station to Dewey Boulevard/Laguna Honda Boulevard, in the amount of $5,478,472 to Mitchell Engineering.

16. Discussion and possible action related to Contract No. WD-2372. (Quan)

    Staff Recommendation: Approve transfers of funds in the amounts of $250,000 from Oyster Point Interchange Pipeline Reconstruction Project, $1,000,000 from Alameda Creek Fishery Enhancement Project, $1,100,000 from Sunol Valley Water Treatment Plant New Treated Water Reservoir Project, $100,000 from Fire Detection Project at CDD, $300,000 from CDD ADA Upgrade Project, and $500,000 from CDD Yard Emergency Power Project to Hetch Hetchy Water Treatment Project – Chloramine Conversion, and award Contract No. WD-2372, Hetch Hetchy Water Treatment Project – Sunol and Harry Tracy Chloramination Facilities, in the amount of $12,824,358 to a Joint Venture of Shimmick Construction Co., Inc. and Homer J. Olsen, Inc.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.

18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

    Existing Litigation: California Trout v. CCSF, et.al., Administrative Petition at the State Water Resources Control Board, and City of San Francisco v. Daly City, Superior Court No. 318-127.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

20. Announcement following Closed Session.

21. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

SFPUC
WATER
HETCH HETCHY WATER & POWER
CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

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February 12, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

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Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
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Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:42 P.M.

2. Roll Call: Present - President Ann Moller Caen, Vice President E. Dennis Normandy, Commissioner Ashok K. Bhatt, Commissioner Jeffrey A. Chen

   Commissioner Frank L. Cook arrived at 1:52 P.M., after roll call.

3. Discussion and possible action relating to the election of President and Vice President.

   Moved by Commissioner Bhatt, seconded by Commissioner Chen, that President Caen and Vice President Normandy be elected for full terms for the year 2002; passed (5-0) unanimously.

4. Approval of Minutes

   No minutes were submitted.

5. Communications

   Vice President Normandy acknowledged receipt of a letter from Mr. Scott Emblidge regarding WD-2368. He asked that staff report back to the Commission with answers addressing the issues raised in the letter.

6. Old/Ongoing Business by Commissioners

   There was no discussion.

7. Introduction of New Business by Commissioners

   There was no new business introduced.

8. Report of the General Manager

   Ms. Patricia E. Martel, General Manager of Public Utilities, reported that Dr. John Kluesener, Program Director of the San Francisco Water Alliance, has resigned and been replaced by Mr. Jeffrey Bernetti, who is serving as the Interim Program Director. She reported that she is in the process of reviewing resumes and will get back to the Commission regarding interviews and will provide future recommendations. Commissioners will have a chance to interview the candidates and Ms. Martel is hoping for a conclusion by the end of February or early March.

9. Public Comments on matters not on today's agenda.

   There were none.

CONSENT CALENDAR

10. Moved by Vice President Normandy, seconded by Commissioner Bhatt, to adopt the items a-d listed under the Consent Calendar; passed (5-0) unanimously.

    a) Resolution No. 02-0026: Approve the plans and specifications and authorize the Utilities Engineering Bureau Manager to advertise for bids for Contract No. WD-2387, Lombard Street Reservoir – Replacement

    b) Resolution No. 02-0027: Ratify the Declaration of Emergency made by the General Manager of the Public Utilities Commission on January 7, 2002, for the replacement of the structurally inadequate sewer on O'Farrell Street, from Van Ness Avenue to Franklin Street (CW-327E).

    c) Resolution No. 02-0028: Approve the plans and specifications and authorize the Utilities Engineering Bureau Manager to advertise for bids for Contract No. CW-315, SEWPCP – SE930 and 940 HVAC Improvements

    d) Resolution No. 02-0029: Accept work performed for Contract No. WD-2278, Crystal Springs Pipeline No. 2 Section 3 and Sunset Supply Pipeline Cathodic Protection, and authorize final payment of $99,301 to American Construction and Supply, Inc.

REGULAR CALENDAR

11. Public Hearing to consider budget proposals for the Operating Budget and Capital Improvement Budget for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission (SFPUC) for Fiscal Year 2002-2003. (Continued from Special Meeting of February 7, 2002)

Ms. Patricia E. Martel, General Manager of Public Utilities started with an introduction of Mr. Kingsley Okereke, Director of Finance, who started the meeting with a PowerPoint presentation on the Capital Improvement Budget for FY 2002-2003.

Mr. Okereke proceeded to explain that the projects in the Capital Budget are from revenues generated. The total budget is for $74.7 million, broken up as follows: Hetch Hetchy Water & Power $40.8 million; Clean Water $13.8 million; Regional Water $16.3 million; and Local Water $3.8 million. A detailed list of the projects and costs were recited.

Commissioner Cook arrived at 1:52 P.M.

President Caen questioned the $300,000 designated for Balboa Reservoir and asked if this was the correct amount for funding the project. Ms. Martel answered that this is the correct amount of money currently needed for the preliminary environmental work. Chancellor Philip Day of City College had asked for an additional $9-10 million to fully fund the project, and Ms. Martel discussed with him the opportunity to request additional funding as the SFPUC capital program is reviewed each year.

Vice President Normandy expressed concern that the SFPUC provide a more thorough explanation on our long-term and short-term commitment to Balboa Reservoir, and to make this distinction with other projects where applicable.

President Caen asked the Commissioners if there were other projects they thought should be in the Capital Improvement Budget.

Ms. Martel moved the discussion to the Operating Budget, explaining that staff has provided information and are prepared to give reports to answer the questions posed by the Commission at the February 7th Special Meeting on the Budget.

Mr. Okereke and Ms. Therese Madden, Manager of the Bureau of Personnel and Training, presented information on funding new positions, old positions, and salary savings. Most of the discussion centered around salary savings and how they are used in the City & County and at the SFPUC to help balance the budget. After a lengthy discussion with Commissioners Bhatt, Cook, and Normandy on this subject, Ms. Martel offered to come back to the Commission with a clearer explanation and plan regarding salary savings, new positions, and filling vacancies.

Karen Kubick, Manager of the Capital Improvement Program (CIP), went before the Commission to explain what the new positions are in the CIP and to demonstrate how there is no position overlap with existing Utilities Engineering Bureau (UEB) or other SFPUC positions. The initial funding request for staffing is for 9-12 months. Once the program starts moving, her graphs showed the rise in the number of employees needed to complete the CIP. In response to a question

from Commissioner Cook regarding the use of engineers from other City Departments, Karen answered that the CIP will be using engineers from the Department of Public Works (DPW) and the SFO Airport Expansion Project.

Commissioner Cook also asked that the SFPUC consider cross-training staff to cover shortages. President Caen asked if the CIP employees were expected to remain with the SFPUC. Ms. Kubick stated that the CIP is a 13-year program and staff are hired to work specifically on the CIP, but will also be interacting with other SFPUC staff. Ms. Martel pointed out that over time, through natural attrition, vacancies will arise and the numbers will eventually resort back to normal.

The next item discussed was in response to the Commission's question regarding the performance assessment requested in the General Manager's budget. Ms. Martel asked if the Commission was open to the idea of allowing a representative from the Santa Clara Water District to address the Commission at the February 26th meeting regarding the benefits they received from their performance assessment. President Caen agreed with this and asked Ms. Martel to proceed with setting up the presentation.

Ms. Martel addressed the Commission's support of hiring an in-house hydrologist. She reported that the job description for this position has not yet been written, but that this is being followed up on.

Mr. Bill Berry, Assistant General Manager of Finance, reported to the Commission regarding the status of the computer purchase and replacement program. The question was raised whether the currently negotiated prices for the projected computer purchases were competitive. Mr. Berry outlined the types of computers that were needed and described the enhancements necessary for the work the SFPUC performs. New figures will be presented to the Commission after more pricing research is done.

The final question that was raised by the Commission related to a $5,000 budget request in the General's Manager budget for first-aid training. Ms. Martel determined that there was a misprint in the Budget and the actual request is for 20 employees to receive CPR training at $250 each. There is also an additional request for hazardous waste operations training at $2,500 per person.

Vice President Normandy directed the staff to add, in the final version of the Operating Budget, previously approved projects that are not in the present budget. The list is as follows: (1) Learning Center, (2) Renovation of Sunol Water Temple, (3) Bottled Water Project; (4) Communications consultants; and (5) Legal and Lobbying services. When Ms. Martel asked for the source for funding these, Vice President Normandy stated that budget requirements for each project should be determined on a case-to-case basis for the upcoming fiscal year and directed Ms. Martel to consult with the fiscal managers regarding the funding sources.

President Caen asked for Public Comment at this time.

Public Comment:

Mr. Doug Kern, a member of the Mayor's Infrastructure Task Force (MITF), addressed the Commission regarding the Capital Improvement Budget. He asked questions regarding the Mayor's Energy Conservation Plan, the Regional Water Program, and the Clean Water Program. Ms. Martel responded that staff will answer his questions.

Vice President Normandy departed at 3:22 P.M.

Mr. Emeric Kalman stated that the control numbers don't match the numbers in the Capital Budget. He asked to see the organizational chart and asked that all documents be preserved and open for viewing according to the Sunshine Act.

Commissioner Ashok Bhatt stated that it would be helpful if the members of the MITF attended the SFPUC community workshops and invited them all to attend.

Staff Recommendation:

a) Adopt the proposed Operating Budget for the enterprises and bureaus of the San Francisco Public Utilities Commission for Fiscal Year 2002-2003.

b) Adopt the proposed Capital Improvement Budget for Hetch Hetchy Water & Power, Water, and Clean Water Enterprise for Fiscal Year 2002-2003.

Item 11 was continued to the February 26th Regular Commission Meeting. The next few items were taken out of order, starting with item 14.

CONSTRUCTION CONTRACTS

President Caen left at 3:33 P.M. and returned at 3:46 P.M.

Award

14. Discussion and possible action related to Contract No. WD-2332.

Mr. Everett Hintze, UEB's Capital Program Manager, reviewed the bid process on this contract. Because of protest made on the bids, the contract is being awarded to the third lowest bidder, Mitchell Engineering.

Mr. Mike Silva, from Mitchell Engineering, addressed the Commission, accompanied by his colleague, Mr. Curt Mitchell. He was followed by Mr. Randall

Smith of Stanton, Kay & Watson, who was protesting the staff recommendation, claiming that Mitchell Engineering only has a builder's license, not a contractor's license. Ms. Vicki Clayton, City Attorney, pointed out that all of the concerns raised were looked at carefully by staff, including the Human Rights Commission (HRC).

Commissioner Cook asked if this item could be continued for further research. Ms. Kubick came forward and stated that this work needs to move forward and in place before the chloramine project can proceed.

Mr. Brian Rodrigues of R&W Concrete Contracts, also spoke as part of the Proven team, who was one of the bidders.

President Caen excused herself at 3:33 P.M. and returned at 3:45 P.M.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt the following resolution; passed (3-0) unanimously. (President Caen did not vote since she was not in attendance during the discussion.

Resolution No. 02-0030: Award Contract No. WD-2332, Sutro Reservoir – New Inlets, Roof Repairs & Miscellaneous Improvements, in the amount of $5,269,005 to Mitchell Engineering.

REGULAR BUSINESS

12. Discussion and possible action related to supplemental appropriation for the Clean Water Enterprise.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0031: Authorize the General Manager to request the Mayor to recommend to the Board of Supervisors approval of a supplemental appropriation in the amount of $1,220,000 for the Clean Water Enterprise to cover the cost of water sewage treatment chemicals for FY 2002.

LEASES AND PERMITS

13. Discussion and possible action related to an exchange of office space between the SFPUC and the Department of the Environment.

Moved by Commissioner Cook, seconded by Commissioner Chen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0032: Authorize the General Manager of Public Utilities to execute a Memorandum of Understanding with the San Francisco Department of the Environment to exchange office space at 1212 Market Street for space at 1145 Market Street.

CONSTRUCTION CONTRACTS

Award

15. Discussion and possible action related to Contract No. WD-2370.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0033: Award Contract No. WD-2370, 36-inch Sutro Pipeline from Central Pump Station to Dewey Boulevard/Laguna Honda Boulevard, in the amount of $5,478,472 to Mitchell Engineering.

16. Discussion and possible action related to Contract No. WD-2372.

Moved by Commissioner Cook, seconded by Commissioner Chen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0034: Approve transfers of funds in the amounts of $250,000 from Oyster Point Interchange Pipeline Reconstruction Project, $1,000,000 from Alameda Creek Fishery Enhancement Project, $1,100,000 from Sunol Valley Water Treatment Plant New Treated Water Reservoir Project, $100,000 from Fire Detection Project at CDD, $300,000 from CDD ADA Upgrade Project, and $500,000 from CDD Yard Emergency Power Project to Hetch Hetchy Water Treatment Project – Chloramine Conversion, and award Contract No. WD-2372, Hetch Hetchy Water Treatment Project – Sunol and Harry Tracy Chloramination Facilities, in the amount of $12,824,358 to a Joint Venture of Shimmick Construction Co., Inc. and Homer J. Olsen, Inc.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.

    There were none.

18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

    Moved by Commissioner Cook, seconded by Commissioner Chen, to assert the attorney-client privilege; passed (4-0) unanimously.

The Commissioners took a break at 4:00 P.M. and returned for Closed Session at 4:10 P.M.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

    Existing Litigation: California Trout v. CCSF, et.al., Administrative Petition at the State Water Resources Control Board, and City of San Francisco v. Daly City, Superior Court No. 318-127.

    Present were President Caen, Commissioner Cook, Commissioner Bhatt, Commissioner Chen, SFPUC General Manager Patricia E. Martel, Utilities General Counsel Vick Clayton, and Commission Secretary Mary Y. Jung.

    No action was taken.

Following the Closed Session, the Commission reconvened in open session at 4:17 P.M. Commissioner Cook left at 4:17 P.M.

20. Announcement following Closed Session.

    President Caen announced the actions taken during Closed Session.

21. Motion regarding whether to disclose the discussions during Closed Session.

    Moved by Commissioner Bhatt, seconded by Commissioner Chen, not to disclose the discussions during Closed Session; passed (3-0) unanimously.

Thereupon, the meeting was adjourned: 4:19 P.M.

Mary Y. Jung
Secretary

SAN FRANCISCO Public Utilities Commission

2/25/02 SFPUC Commission Agenda

PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA
Special Meeting

February 25, 2002
10:00 A.M.
155 Market, 4th Floor
San Francisco, CA

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt

DEPARTMENTS	BUREAUS
Water Department	Commercial Land Management
City Distribution Division	Customer Service
Water Supply & Treatment	Environmental Regulation and Management
Hetch Hetchy Water & Power	Finance
Clean Water Program	Information Technology Services
Water Pollution Control	Personnel and Training
	Strategic and Systems Planning
	Utilities Engineering Bureau
	Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

Agenda and other information are available on the SFPUC web site: www.sfwater.org and the City web site at www.ci.sf.ca.us

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Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

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ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165,

Fax: (415) 554-0796.

SPECIAL ORDER OF BUSINESS

4. Public hearing to consider long-term strategic plan, capital improvement program and long-range financial plan of the San Francisco Public Utilities Commission. (Martel)

Staff Recommendation: For discussion only. Authorize staff to begin public outreach meetings throughout San Francisco.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 4th Floor
San Francisco, CA 94103

Location:

http://sfwater.org/detail.cfm/MC_ID/5/MSC_ID/19/MTO_ID/57/C_ID/477

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SFPUC

WATER
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WATER & POWER
CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

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February 25, 2002
10:00 A.M.
1155 Market Street
4th Floor Conference Room

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A.Chen

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 10:07 A.M.

2. Roll Call: Present - President Ann Moller Caen, Vice President E. Dennis Normandy, Commissioner Ashok K. Bhatt, Commissioner Jeffrey A. Chen

   Excused - Commissioner Frank L. Cook

3. Public Comments on matters not on today's agenda.

   There were no public comments.

SPECIAL ORDER OF BUSINESS

4. Public hearing to consider Long-Term Strategic Plan (LTSP), Capital Improvement Program (CIP) and Long-Range Financial Plan (LRFP) of the San Francisco Public Utilities Commission (SFPUC).

   Staff Recommendation: For discussion only. Authorize staff to begin public outreach meetings throughout San Francisco.

   President Caen opened the discussion by asking for answers to questions previously asked by the Commissioners regarding priorities, the ability to move more projects up to 2003, and whether or not issues and questions raised by the Bay Area Water Users Alliance (BAWUA), Mr. Dick Morton, Mr. John Plummer, and Mr. Doug Kern had been answered. She then called on Ms. Patricia E. Martel, General Manager of Public Utilities, for the staff presentation.

   Ms. Martel replied that all questions will be answered. Meetings have been scheduled with BAWUA, Mr. Morton, and Mr. Kern to review their concerns and answer all their questions. These meetings will be documented and the information will be forwarded to the Commission. Ms. Martel then introduced Mr. Michael Carlin, Manager of the Bureau of Systems and Strategic Planning, as the staff member who would answer the questions.

   Mr. Carlin started by explaining how each project is laid out in four different phases: planning, environmental, design, and construction. These are the logical links between the various phases of the projects. Staff is currently studying packages of projects and looking to better define the projects in terms of scope and cost estimates. Current projects being optioneered are Alameda Syphon, the Sunol Tunnel, the Irvington Tunnel, the Crystal Springs Pump Station, the San Andreas Pipelines, and the Polemus Tunnel Project. At this time, it is not known if

the timelines will change, but the timelines are estimates based on the best available information at the time.

Mr. Carlin stated that many projects have a linkage, and even though a project can have a very high priority, it may not be able to start until a project with a lower priority ranking is moved first. Also, if more projects start earlier in the schedule, more staff, funding, and resources will have to be available. Due to the time it takes to ramp up to the correct staffing level, this could prove to be difficult. Careful consideration was given to the ability to deliver a finished project.

President Caen raised concerns about our inability to control the timeliness of environmental reviews, and projects being stalled as a result. Mr. Carlin pointed out that staff has taken the environmental process into consideration when scheduling the projects. He noted that not all projects have environmental reviews, so some of those projects can also be started early, along with the ones with environmental reviews.

Ms. Martel asked Ms. Ann Saha, with the San Francisco Water Alliance, to discuss in greater detail the scheduling of projects.

Ms. Saha talked about the program being planned with a top-down look approach rather than a piecemeal approach. She believes that if the optioneering is done correctly, including conceptual engineering, preplanning, design conception, and cost estimates, the schedule will be reduced a great deal. Vice President Normandy expressed concern that this information will not be easily comprehensible to the general public and that he was looking for a clearer message on the importance of the projects.

Mr. Carlin concurred with Vice President Normandy and stated that a linear list of priorities would not help the public understand the importance of the projects. The lists were defined through an engineering standpoint. He felt that the public will have questions about what a specific project would do for seismic reliability, whether water supply will be increased, will water reliability and high water quality be ensured, which projects will improve the Southeast Plant and which projects will reduce street flooding? These questions are answered in the plan.

Vice President Normandy asked two questions: (1) Is the Commission being realistic about the timetable for public comment and the blending of this with the report? and (2) Is the SFPUC going to be able to go to the voters at once or in several stages? President Caen answered that there is time to go out into the community to gather input, but there is still a question whether the document they have today is the one to bring to the public. She is still looking for the answer to her question on priorities.

Ms. Martel responded by stating that she thought staff had addressed the priority question in prior CIP meetings. A document was provided and some explanation

was given. She asked if there was disagreement with the staff recommendation on priorities.

Vice President Normandy observed that there might be a semantics problem with the question of priorities. He views priorities as categories of action that include a subset of projects that have to be marked in order of importance and urgency. He thought we needed to prioritize the categories of action – such as earthquake vulnerability and water reliability.

President Caen asked to see the response to BAWUA's letter addressing their concerns about a ten-year delay dated February 6, 2002. Ms. Martel responded that staff has met with BAWUA about the schedule changes and will meet with them again this week to review the differences between the August 2001 document and the present document and why the changes were made. A summary of this meeting will be prepared and forwarded to the Commissioners. She stated that staff is not prepared to respond to each and every question in a Commission setting, but arrangements have been made to address them.

President Caen asked how we could send out the CIP into the community without having those answers. Ms. Martel responded that the present CIP is not intended to be the definitive document; but rather, the document sent out for public input. She envisioned that questions and comments raised by the public would be answered and the written responses will be given to and reviewed by the Commission. If the comments result in changes, it will be up to the Commission to decide which changes to accept and give final approval of the document. She has also told the Board of Supervisors that this is not the final document.

Ms. Martel stated that she was willing to talk about ranking and priorities again. Vice President Normandy interjected that he thought the question was whether or not the public comments received to date should be factored into the document sent to the public or will staff wait until the community meetings are over and include all the public comments at once. Ms. Martel replied that she would suggest not incorporating the changes until everyone has been heard from for two reasons: (1) It is time consuming and will delay the public meetings. Redoing the document and rerunning the numbers and schedules are not doable in the timeline worked out; and (2) She believes that the independent engineering analysis to be conducted by R.W. Beck will bring about additional changes. Ms. Martel would like the final report presented to the Commission to consist of all the comments and changes from the public and the Beck analysis.

President Caen asked for a poll of the Commissioners on this. Vice President Normandy stated that he thought it made sense to hold off incorporating the changes, but include separately any public comments received so far with the CIP document that will be presented to the public. He wanted it made clear that the document is a draft and that the Commission wants public input to create a better document. Commissioner Bhatt concurred with Vice President Normandy.

Commissioner Chen also concurred, and added that he wanted to make sure that all questions and concerns were answered.

Ms. Martel stated that it is the staff's intention to do exactly what the Commissioners just expressed. She then asked Mr. Carlin to address the Commissioners regarding priorities and ranking as it related to BAWUA's concerns.

Mr. Carlin stated that BAWUA and staff met the previous Friday, February 22nd, to discuss the contents of the February 6th letter and the February 21st letter, which has not yet been given to the Commission. The discussion centered around the $270 million in projects from the $1.6 billion allocated for Regional Water – projects that are significant to BAWUA. He compared the August 14th list of projects to the January 2002 ranking list and pointed out that project no. 5 (January 2002 list), the San Antonio Pump Station, was not on the original list and that a lot of the projects that are now on the list are related to Calaveras Dam and the work to be undertaken to ensure stability and water storage within the reservoir. The movement of this project affected the scheduling of many other projects.

Vice President Normandy asked Mr. Carlin to go through the list that BAWUA sent. Mr. Carlin answered that the changes BAWUA is referring to are not priority changes, but lags in the schedule. For example, there is now a lag of nine months caused by switching the bond measure from the March 2002 ballot to the November 2002 ballot. He again noted that the size of the Calaveras project moved other projects to later start dates. He emphasized that when the schedule is looked at, it is important to look at the entire plan, not just an individual project and delay. He stated that he has had this discussion with Mr. John Ummel, from BAWUA.

President Caen remarked that BAWUA appears to like the August 2001 list and not the January 2002 list. Mr. Ummel stated that they questioned why the schedule changed. He said that SFPUC staff and BAWUA had an extremely productive and open meeting and that although many questions were answered, BAWUA still has some outstanding issues. He will be meeting with SFPUC staff again this week.

Commissioner Bhatt asked Mr. Carlin to clarify the process for the revised CIP document. Mr. Carlin stated that it is the objective of staff to follow Vice President Normandy's directive, to go out and meet with the parties who have offered comment so far and to discuss their issues and the SFPUC responses. He noted that many times, more information needs to be provided to the party that is commenting. The proposal is not to redo the draft now, but to create a comment/response document that staff continually builds on and is taken out to the public along with the draft CIP. When all the meetings are completed, staff will present the Commissioners with a revised draft with all the comments, where the comments came from, the responses, and where their comments are incorporated.

This will include the R.W. Beck analysis. He noted that it takes about six weeks to redo the CIP.

Ms. Martel stated that it is important for the public to feel that the public input process is truly that – that the SFPUC will bring out a draft document that is subject to changes and revisions based on community input.

Vice President Normandy concurred with this and said that there are two parts to the credibility process for the SFPUC: (1) to provide a real public input process for the CIP, and (2) to be able to answer questions in a clear, objective manner and explain why the CIP has been structured the way it is. He feels that the process the Commission is going through now is a precursor to the public meetings.

Ms. Martel stated that despite the questions raised so far by our stakeholders, the substance of the questions do not affect the basic efficacy of the draft CIP. The questions and concerns from BAWUA need to be addressed in detail, but only because they deal with the priorities significant to BAWUA – not the entire system. Whether or not their comments are incorporated now is not going to substantively change the documents themselves or undermine them.

Commissioner Bhatt expressed concern that further delays can be caused by public criticism. He urged the Commission and staff to follow Vice President Normandy's ideas regarding accuracy and speed.

President Caen asked for a ten-minute recess at 11:00 A.M.

President Caen reconvened the meeting at 11:10 A.M. and asked for Public Comment.

Public Comment:

Mr. Ummel read from a list of comments provided to him from BAWUA's General Manager, Mr. Art Jensen. The list is as follows:

1. The revised document that you have is better than the August document.
2. Work still remains.
3. Some, but not all of the questions that BAWUA put on the table have been answered. Those still need to addressed.
4. We won't be asking our member agencies to publicly support the CIP until all our questions have been satisfactorily answered. But having said that, Art wants to make it very clear that we support moving forward for the simple reason that the window of opportunity to place a measure on the November ballot is very small.

Mr. Ummel talked about the importance of what material the public will actually see at the community meetings. He has heard that SFPUC staff is in the process of

preparing an easily explainable executive summary that's consumable by the public. BAWUA feels this is absolutely necessary or we are doomed for failure. President Caen stated the process needs to move forward and that the Commission should not bless the CIP as it stands – that this is a draft document showing the direction the SFPUC is moving in and that we are reaching out for public input.

Vice President Normandy concurred. He agreed with BAWUA's assertion that the program and information at the outreach meetings need to be clear. He asked the City Attorney to help draft a resolution regarding the draft CIP to include the following points:

1. This Commission accepts this as a draft which represents the best efforts of staff to include all of the elements that we see will be necessary for a long-range overhaul of our system.

2. That the Commission, at this time, does not approve the document on the realization that this is a start and will eventually result in a document that will factor in all of the input from the various workshops and various written remarks that have been submitted to us.

3. At such time as when all of these documents are factored and when staff is ready to make the blending of the input and the draft, then there should be a workshop with the Commission so that the Commission can make its decision as to whether it agrees or not with staff recommendations. Only at this time will the Commission approve the document and be prepared to go public as having the blessing of the Commission, pursuant to going for a bond measure. It should be very clear that at the end of the public outreach process, there will be two volumes presented to the Commission: (1) the CIP draft and (2) the public comments, responses to the comments, and whether or not the comments resulted in possible changes to be considered for the final document. At that point, the Commission will see through the blending after staff has given their presentation and given us their rationales.

Vice President Normandy also suggested that a statement, working through the Communications Division, be released to the public and media to be sure that there is no misunderstanding – that we are not imposing our viewpoint.

Thereupon, the meeting was adjourned: 11:17 A.M.

Mary Y. Jung
Secretary

SFPUC

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

02-21-02P05:07 RCVD

February 26, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

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The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Report of the General Manager

   a) Washington Lobbyist Report (Owen)

8. Bay Area Water Users Association (BAWUA) General Manager's Report

   a) Redwood City Water Recycling Project (Jensen)

9. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

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CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

a)	Staff Recommendation:	Accept work performed for Contract No. CW-257, Outfall Repairs at Various Locations; approve Modification No. 1 (Final) decreasing the contract by $68,537, for a final contract amount of $171,463, and with a time extension of 47 consecutive calendar days, for a total contract duration of 137 consecutive calendar days; and authorize final payment of $75,390 to the contractor, Vortex Diving Inc.
b)	Staff Recommendation:	Accept work performed for Contract No. WD-2215, 8-Inch Ductile Iron Main Installation in Sacramento Street between Divisadero Street and Gough Street, approve Modification No. 1 (Final) decreasing the contract by $27,568, for a final contract amount of $669,552 and authorize final payment of $16,000, to the contractor, P & J Utility Company.
c)	Staff Recommendation:	Approve the plans and specifications for Contract No. CW-292, Broderick / Steiner / Webster / Laguna Streets Sewer Replacement, and authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids, to receive and evaluate bids, and to return to the Commission with a recommendation for award.

REGULAR BUSINESS

11. Public Hearing to consider budget proposals for the Operating Budget and Capital Improvement Budget for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for Fiscal Year 2002-2003. (Persons who are unable to attend the public hearing may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the commission and will become a part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 4th Floor, San Francisco, CA 94103.) (Continued from meeting of February 12, 2002)

    Staff Recommendation:

    a) Adopt the proposed Operating Budget for the enterprises and bureaus of the San Francisco Public Utilities Commission for Fiscal Year 2002-2003.

    b) Adopt the proposed Capital Improvement Budget for Hetch Hetchy Water & Power, Water, and Clean Water Enterprise for Fiscal Year 2002-2003.

12. Discussion and possible action on a proposed first amendment to individual water supply contract between SFPUC and Daly City. (Carlin)

    Staff Recommendation: Approve and authorize the General Manager to submit to the Board of Supervisors the First Amendment to the Water Supply Contract Between the City and County of San Francisco and the City of Daly City for Purposes of Conducting an Aquifer Recharge Study.

PROFESSIONAL SERVICES CONTRACTS

Award

13. Discussion and possible action related to Contract No. CS-662. (Quan)

    Staff Recommendation: Authorize the Utilities Engineering Bureau Manager to execute Agreement No. CS-662, Southeast Water Pollution Control Plant (SEWPCP) Solids Handling Upgrade Design Project, with the engineering firm CH2MHill to provide technical, professional engineering and public outreach services on this project for Phase 1 for an amount not to exceed $2.1 million.

CLOSED SESSION

14. Public comments on matters to be discussed in Closed Session.

15. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

16. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

    Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

17. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

    Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

    Existing Litigation: California Trout v. CCSF, et.al., Administrative Petition at the State Water Resources Control Board, and City of San Francisco v. Daly City, Superior Court No. 318-127.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c): (Mueller)

    Anticipated Litigation: As Plaintiff.
    Regarding long-term power purchase contracts.

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c): (Clayton/Simpson)

Anticipated Litigation:	As Plaintiff and As Defendant Regarding delays and/or breach of communication and control system contract.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

21. Announcement following Closed Session.

22. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 4th Floor
San Francisco, CA 94103

ADDENDUM TO PUC AGENDA

City and County of San Francisco
Public Utilities Commission

February 26, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

CONSENT

10d) Staff Recommendation: Approve resolution recognizing the work and contributions of Judy Lemons.

10e) Staff Recommendation: Approve resolution recognizing the work and contributions of Dolores Y. Red.

02-22-02P03:20 RCVD

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MAYOR

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MINUTES

February 26, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

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Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:32 P.M.

2. Roll Call: Present - President Ann Moller Caen, Vice President E. Dennis Normandy, Commissioner Frank L. Cook, Commissioner Ashok K. Bhatt, Commissioner Jeffrey A. Chen

3. Approval of Minutes

   There were none submitted.

4. Communications

   No action was taken.

5. Old/Ongoing Business by Commissioners

   There was no discussion.

Items No. 8 and 6 were taken out of order.

8. Bay Area Waters Users Association (BAWUA) General Manager's Report

   Mr. Art Jensen, General Manager of BAWUA, gave a brief update on the Redwood City Water Recycling Project.

6. Introduction of New Business by Commissioners

   President Caen asked Mr. Michael Carlin, Manager of the Bureau of Systems and Strategic Planning (BSSP), about the usage of underground water from the west side of San Francisco. Mr. Carlin explained that there is a groundwater project in the Capital Improvement Program (CIP) to deal with this issue.

7. Report of the General Manager

   Ms. Martel, General Manager of Public Utilities, introduced Mr. Darryl Owen, the SFPUC's Washington Legislative Lobbyist, to present an overview of the legislative work being done in the the U.S. Capitol.

   Mr. Owen explained that much of the work performed in Washington D.C. is defensive in nature. He presented background information on Calfed and stated that one of the policy questions facing the SFPUC is the integration or regionalization of the Northern California water system.

Regarding Federal funding, Mr. Owen stated that he has not been aggressive seeking this. Direct Federal funding is typically granted to smaller municipalities, and organizations like the SFPUC would be directed to the State Revolving Fund. Ninety million dollars in Federal money was appropriated for water security, but given that the money would be spread over 3,000 large nationwide water systems, the SFPUC could not expect to receive more than $100,000. Mr. Owen is also continuing to study the digester project, with the anticipated outcome of eventually obtaining Federal funding for this.

Vice President Normandy thanked Mr. Owen for presenting and noted that Legislative Updates are now being given quarterly. He asked for a rebuilding of the team of people who would work on these legislative proposals, such as Calfed, and stated that the SFPUC needs to seek out Federal funding. He specifically mentioned keeping in touch with Mr. Tom Berliner, who had been active regarding Calfed when he was with the City Attorney's Office.

Ms. Martel next introduced Mr. Stan Williams, General Manager of the Santa Clara Valley Water District (SCVWD). Ms. Martel asked Mr. Williams, in his experiences working with a large-scale water utility, to present to the Commission his observations about the performance review the SCVWD undertook. Ms. Martel had previously requested $500,000 in funding for FY 2002-2003 for a new proposal for a performance assessment study of the SFPUC. She had distributed written material regarding the work that would actually be done in the organization, the work scope, and a sample of the work from the SCVWD.

Mr. Williams started by explaining that in 1998, the SCVWD determined that they would need to ask for a 50% rate increase. The Board decided that a performance assessment was needed to shore up any areas of inefficiency before the request could be made to the ratepayers. The contract was for $270,000 for a 10-month period. Mr. Williams initiated the American Water Works Association's (AWWA) Qual-serve Benchmarking Program within the SCVWD. In this review, SCVWD's peers in the water industry studied their operations and gave suggestions on how to improve.

The Board decided that a broader performance assessment was needed. The study was composed of the following: (1) An analysis of SCVWD as compared to other like entities; (2) An operations performance assessment based on interviews with customers, employees, and Board members; and (3) A detailed financial analysis, including budgeting, cost allocation, cost accounting, and how rates were identified. They also came back with recommendations, the most effective ones dealing with performance measures and providing tools for implementation.

President Caen asked Mr. Williams if he would do the performance audit again. He answered that he initially did not think it was a good idea, since it wasn't his, but that over time after the implementation of the performance measures, it was proven to be valuable and important.

Vice President Normandy asked what the results of the 10-month study were. Mr. Williams answered that the SCVWD received a "Strategic Operating Plan," which prioritized and sequenced the steps and events that needed to take place. A proposed schedule was also included.

Commissioner Bhatt asked a series of questions regarding the organizations studied and the scope, cost, and effectiveness of the study. Mr. Williams said that about a dozen benchmark organizations were used. SCVWD is comprised of 700 employees and has an annual budget of $300 million. The Board had asked for a study only and it wasn't until later that the auditing firm was rehired, under a separate contract, to assist in implementing the recommendations.

Vice President Normandy asked if there was anything new learned from the study. Mr. Williams answered that it was helpful to know what areas SCVWD performed well in, so that money and time wouldn't need to be wasted to improve those same areas.

Commissioner Cook asked about the effectiveness of implementing the recommendations and the impact of external forces such as the various MOUs normally found in government entities. Mr. Williams said that areas were rated, but there was no overall performance rating. The recommendations were helped by the fact that they came from the employees who recognized the problems.

Commissioner Chen asked about the response from the Board after the study was completed. Mr. Williams stated that the Board was pleased with the results and measures were undertaken to insure that proper tracking was done for the Board to review. The Board was pleased enough to eventually pass the requested rate increase.

President Caen asked if Mr. Williams found any part of the performance assessment unnecessary. Mr. Williams explained that since these requests generally come from a top executive, and not from a governing Board, the audit was performed as if it was being done for himself. He felt that the audit involved the Board unnecessarily in matters that are not part of their purview, such as organizational structure issues. Mr. Williams closed by stating that this performance assessment was an important tool for the SCVWD and himself and that it would have been more helpful for him to have had it conducted when he was first hired, not five years into his career there.

9. Public Comments on matters not on today's agenda.

Ms. Jane Murphy, a resident of Sunol, spoke about the Sunol quarry and the Mission Valley Rock (MVR) lease. Ms. Diane Tiessen relinquished her speaking time to Ms. Murphy to enable her to present to the Commission for a longer period of time. Ms. Murphy started by saying that the new San Francisco Board of

Supervisors had resolved that the City Attorney and SFPUC should look into ways to break our lease with MVR. She is here to advocate for this. Sunol residents have been fighting the quarry for eight years. They feel that they are victims of environmental injustice and that they've been unfairly burdened with a disproportionate number of public entities that affect the health and safety of Sunol residents.

Ms. Murphy shared information she has gathered regarding MVR's wastewater discharge permit violations and the asbestos emissions from the quarry. She stated that the American Lung Association of the East Bay is also concerned.

Ms. Patricia Stillman, of Save Our Sunol (SOS), spoke about the Alameda County Planning Commission (ACPC) meeting, where questions arose regarding the quarry and MVR. She stated that the quarry has not had an EIR performed on it and the ACPC was concerned about this lack of information. The quarry also has three earthquake faults running through it and the possibility of a release of asbestos particles from the quarry is causing health concerns. She said that SOS has the support of the Sierra Club and the Alameda Creek Alliance on this issue.

Ms. Bree James, a resident of Sunol, spoke about being misled by MVR and Alameda County officials regarding the depth of the health hazards at the quarry. She described her frustration in moving forward on this issue and asked why the Commission has not checked into the violations exposed by opponents of the quarry.

Mr. Derek Johnson, a resident of Sunol, spoke briefly about using the excess silt from the new quarry to fill an existing quarry pit. Based on timeline discrepancies, he noted that he expects the Commission to be asked, at a later date, to change our expectation for reclamation of that area.

Vice President Normandy directed staff to look into the allegation about the nonexistent EIR and asked that staff meet with the Sunol residents and report back to the Commission.

CONSENT CALENDAR

10. Moved by Vice President Normandy, seconded by Commissioner Cook, to adopt the items a-c listed under the Consent Calendar; passed (5-0) unanimously.

Resolution No. 02-0035:	Accept work performed for Contract No. CW-257, Outfall Repairs at Various Locations; approve Modification No. 1 (Final) decreasing the contract by $68,537, for a final contract amount of $171,463, and with a time extension of 47 consecutive calendar days, for a total contract duration of 137

consecutive calendar days; and authorize final payment of $75,390 to the contractor, Vortex Diving Inc.

Resolution No. 02-0036: Accept work performed for Contract No. WD-2215, 8-Inch Ductile Iron Main Installation in Sacramento Street between Divisadero Street and Gough Street, approve Modification No. 1 (Final) decreasing the contract by $27,568, for a final contract amount of $669,552 and authorize final payment of $16,000, to the contractor, P & J Utility Company.

Resolution No. 02-0037: Approve the plans and specifications for Contract No. CW-292, Broderick / Steiner / Webster / Laguna Streets Sewer Replacement, and authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids, to receive and evaluate bids, and to return to the Commission with a recommendation for award.

Moved by President Caen, seconded by Vice President Normandy, to adopt the items d-e listed under the Consent Calendar; passed (5-0) unanimously.

ADDENDUM TO CONSENT CALENDAR

Resolution No. 02-0038: Approve resolution recognizing the work and contributions of Judy Lemons.

Resolution No. 02-0039: Approve resolution recognizing the work and contributions of Dolores Y. Red.

REGULAR CALENDAR

The following agenda items were taken out of order: No. 12, 13 and 11.

12. Discussion and possible action on a proposed first amendment to individual water supply contract between SFPUC and Daly City.

    Mr. Carlin came before the Commission to describe the conjunctive use contract between the SFPUC and Daly City. The SFPUC will sell excess surface water to Daly City and Daly City will back off from pumping ground water. It is revenue neutral to Daly City, but does provide some additional revenue to San Francisco. This amends Daly City's individual water sales contract, hence this resolution will need to be passed to move the contract to the Board of Supervisors.

Moved by Commissioner Cook, seconded by Vice President Normandy to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0042 : Approve and authorize the General Manager to submit to the Board of Supervisors the First Amendment to the Water Supply Contract Between the City and County of San Francisco and the City of Daly City for Purposes of Conducting an Aquifer Recharge Study.

PROFESSIONAL SERVICES CONTRACTS

Award

13. Discussion and possible action related to Contract No. CS-662.

Mr. Manfred Wong, of the Utilities Engineering Bureau (UEB), spoke on behalf of the predesign effort on the Southeast Water Project. He described changes in the scope of the project from the RFP that was approved by the Commission last year. Twenty-three meetings were held with community and stakeholder groups in late 2001 to solicit input and explore alternative technologies. Funded by Clean Water Revenue Bonds, this project will be broken up into three phases – Phase 1 is being brought before the Commission today.

Vice President Normandy commended staff for the community outreach done and was pleased with the choice of CH2Mhill, given our previous positive history with the work they did on the Oceanside Plant.

Moved by Vice President Normandy, seconded by Commissioner Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0043: Authorize the Utilities Engineering Bureau Manager to execute Agreement No. CS-662, Southeast Water Pollution Control Plant (SEWPCP) Solids Handling Upgrade Design Project, with the engineering firm CH2MHill to provide technical, professional engineering and public outreach services on this project for Phase 1 for an amount not to exceed $2.1 million.

President Caen called for a recess at 3:09 P.M.

President Caen reconvened the meeting at 3:26 P.M.

11. Public Hearing to consider budget proposals for the Operating Budget and Capital Improvement Budget for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for Fiscal Year 2002-2003. (Continued from meeting of February 12, 2002)

Ms. Martel outlined the review process for today's meeting. She started with the Balboa Reservoir Project, which is budgeted for $300,000. Ms. Martel met with the Planning Director and has also spoken with Supervisor Geraldo Sandoval and City College Chancellor Philip Day. Estimates on total funding range from $1 – 10 million and a real figure will not be known until we are able to identify projects and specific development activity. This amount of funding will move the SFPUC forward on this project for 18 months. Additional funding can be brought before the Commission at a later date.

Ms. Karen Kubick, Manager of the Capital Improvement Program (CIP), came to address the Commission regarding their questions about possible overlap of the functions of the CIP unit and UEB. The recommendation made last year by the San Francisco Water Alliance stated that "it is critical that the SFPUC build a dedicated CIP organization, dedicated to delivering the CIP. It is vital that other divisions – UEB, Finance, Planning, and Operations – support the new division." Through a PowerPoint presentation, she did a comparison of the two units in the SFPUC – the CIP Organization and the Utilities Engineering Bureau.

The CIP organization will maintain the CIP documents, including updates and corrections, and will be responsible for the plan at all levels. This will include over 90 projects. Ms. Kubick will manage the budget, implementation, and the program manager consultant. Mr. Michael Quan, the UEB Manager, will be overseeing repair and replacement (R&R) work, any other bond work, and any annual revenue programs. UEB will serve as the functional manager of engineering and construction staff and will train them according to SFPUC procedures. They will also set up our contracts and contract support work.

For the next comparison, UEB has a Construction Management Division Manager who is responsible for hiring and training staff in regard to construction staff – this includes inspectors, engineers, and construction managers. The CIP Resource Manager will determine staffing plans, work with DHR, and do recruiting. Mentoring and performance monitoring will also be part of this function.

The next level shows a UEB Manager of Support Services who will handle the construction and professional services contracts. They will also process the CIP documents. The CIP will have a Project Development Manager who will look at the entire scope of the projects and develop conceptual engineering reports, work scope, and design criteria.

The CIP will also have a Program Management Consultant responsible for implementation of the project control system. As needed and special consultants will also be used for work that typically isn't done at the SFPUC, such as geotechnical work and tunnels.

UEB will provide a staff resource base composed of staff for the CIP and will also be used as the incubator for new staff.

Ms. Kubick concluded that there is no duplication in the two organizations, but there are parallels.

Ms. Martel next brought up the topic of vacancies and salary savings and how they are used as a budgetary tool. She introduced Mr. Bill Berry, Assistant General Manager of Finance, to review the details of a proposal on how to deal with vacant positions and salary savings.

Mr. Berry presented a salary budget adjustment proposal to deal with the budget problems caused by filling vacant positions and the negative financial outlook for the Clean Water Program (CWP).

Salary Savings are usually recommended for every budget in the range of 3-5%. The Mayor's Office and Controller's Office maintains that no department would ever be at 100% on their positions, so this percentage reduction will account for normal turnover. The SFPUC set up "special salary savings" years ago which were much higher than the average of 3-5%. Because of increased staffing at the Bureau of Personnel and Training, the SFPUC vacancy rate is now much lower.

Mr. Berry proposed that the SFPUC move salary savings levels to 5%, except for Hetch Hetchy Water & Power (HHWP)(which is at 3.75%) and any parts of the Bureaus that have direct charges to CWP. One of CWP's new proposals is for $500,000 to cover salaries for 30 vacancies. CWP is supposed to have 60 vacancies, but because we were able to fill the positions, CWP is short $500,000.

To move salary savings to 5% in the budget, the budget will need to be increased by $2.4 million for Water Supply & Treatment, the City Distribution Division, and some of the other Bureaus. To move salary savings to 5% in Clean Water, an additional $2.7 million would be needed for them. Mr. Berry is not recommending this for CWP.

Mr. Berry explained the budget impact from Proposition H. Through the year 2006, we are projected to have an $81 million unappropriated fund balance. With the 5% salary savings increase in the budget, this would reduce the fund by $11.1 million, bringing the total to $70 million. This is above the standards required for operating reserves. Clean Water is expected to have a negative balance between $17 – 18 million at the end of the Proposition H period; therefore, the 5% salary savings adjustment is not being proposed here. He is proposing a hiring freeze in the

Clean Water Program and any nonessential Bureau positions. The General Manager could fill positions on a case-by-case basis as necessary.

Ms. Martel moved on to follow up on proposals forwarded by the Commission. The following have been recommended for funding: (1) Children's Learning Center - $410,000, (2) Sunol Water Temple Restoration Project - $100,000, (3) Bottled Water Project - $16,000, and (4) the Owner Controlled Insurance Program - $2.8 million.

President Caen asked Ms. Martel to go through the list of new projects that had been previously discussed.

Ms. Martel started with the Balboa Reservoir Project for $300,000. Vice President Normandy stated that the Chancellor of City College contacted the Commission and asked for an increased commitment on our part so they could pursue additional funding sources. He asked if $300,000 will be enough and what discussions occurred with the City Planning Department and Supervisor Sandoval.

Ms. Martel answered that we will communicate in whatever ways necessary to show our support, but stated that the SFPUC cannot commit to a large dollar amount without knowing what the project will entail. The amount the Chancellor anticipates needing will be about $10 million, which is not available at this time and also won't need to be spent for several years. Supervisor Sandoval is interested in developing the Phelan Loop as part of an effort to revitalize Ocean Avenue. He asked the SFPUC to amend the MOU to include language indicating our willingness to participate in this project. Ms. Martel believes that the Phelan Loop Project has very little impact on the SFPUC and our Balboa Reservoir property. There is a small parcel of land which could be transferred to the Phelan Loop Project, but this is already included in the MOU.

Vice President Normandy expressed concern about the MOU being stalled because of ancillary issues such as the Phelan Loop Project. The Balboa Reservoir is needed to potentially provide the SFPUC with greater water storage. He urged his fellow Commissioners to put the MOU on a faster timeline.

Ms. Martel stated that, following the Commission's previous direction, she sent a letter to Supervisor Sandoval indicating that most of the issues in the MOU have been ironed out and that any future developments regarding the Phelan Loop could be addressed in a separate agreement. The MOU should be able to more forward in a very short time.

The next item reviewed the 18 positions needed to move the CIP forward. Commissioner Cook spoke in support of this.

Ms. Martel brought up the performance assessment study in the General Managers budget. Commissioner Cook expressed concern about asking for a

$500,000 study while we are facing a hiring freeze and without any assurances that performance will improve to 100% efficiency. Commissioner Chen stated that he supported benchmarks, but that a bad review will affect the CIP.

Ms. Martel responded that she is advocating for an in-depth performance assessment because of the publics concern about the SFPUC's ability to carry out the CIP. The study being proposed does not emphasize benchmarking; rather, it looks at each enterprise, how things are done, and compares this to industry standards. This study will determine if we are operating at the highest level of efficiency and effectiveness, and whether we are cost effective or not.

Commisioner Bhatt agreed with the need for a performance assessment, but thought that this work could be done with internal SFPUC staff. He would support a study of $250,000 at most. Ms. Martel replied that the SCVWD was for a single enterprise, compared to our three. The cost is comparable to SCVWD if a comparison is made with regard to entity size and scope of work. Commissioner Bhatt thought that if a study is done on one enterprise, there is a measure of duplication with the other two. Ms. Martel answered that the studies would be different because of differences in functions between the departments.

Commissioner Cook agreed with Commissioner Bhatt about using our own managers to conduct a self-evaluation. He suggested that this proposal be brought before the Commission at a later date and an RFP can be issued to see if there are other firms out there who could do this study.

Vice President Normandy asked about the AWWA study. Ms. Cheryl Davis, Manager of Water Supply & Treatment, came before the Commission to describe the Qual-Serve process. Ms. Davis has been a Qual-Serve peer reviewer twice for other utilities. She thought that the Qual-Serve review is a valuable service, but is very limited. Basically, four or five peers visit a utility for four days. Before that period, there is some prior information and questionnaires from employees received. In that period, a peer sees as much as they can, learns as much as possible, and then gives feedback.

Mr. Tony Flores, Manager of City Distribution Division, also was familiar with Qual-Serve and said that the program does not offer an in-depth assessment. He offered as an example how CDD defines their business and service levels and compared them to other counties and cities.

President Caen voiced her support for a performance assessment, but wanted to see other estimates. She asked Ms. Martel what her process was for determining which outside consultant to use. Ms. Martel replied that the consultants she chose areindustry leaders and are well known in the water industry. She thought the only way to bring the cost down would be to have a less comprehensive evaluation. President Caen acknowledged that she was looking for a compromise so that there could be a study, but for less money. Ms. Martel responded that each enterprise

has three separate phases and it's possible to contract for fewer phases. *President Caen asked Ms. Martel to come back to the Commission with a list of other firms that could do the work and a redefined work scope.*

Ms. Martel moved on to the next proposal – salary savings and how to address vacancies. Commissioner Cook stated that Mr. Berry's proposal is a step in the right direction and he supports it.

The next item Ms. Martel listed concerned the Children's Leanring Center, the Sunol Water Temple Restoration, the Bottled Water Project and OCIP funding. President Caen asked that the Children's Learning Center be redefined for the future.

Vice President Normandy made a motion to amend the Operations Budget by reducing it by $500,000.

Moved by Vice President Normandy, seconded by Commissioner Chen to adopt the following resolutions; passed (5-0) unanimously.

Resolution No. 02-0040:	a) Adopt the proposed Operating Budget for the enterprises and bureaus of the San Francisco Public Utilities Commission for Fiscal Year 2002-2003.
Resolution No. 02-0041:	b) Adopt the proposed Capital Improvement Budget for Hetch Hetchy Water & Power, Water, and Clean Water Enterprise for Fiscal Year 2002-2003.

CLOSED SESSION

14. Public comments on matters to be discussed in Closed Session.

    There were none.

15. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

    Moved by Commissioner Chen, seconded by Commissioner Cook, to assert the attorney-client privilege; passed (5-0) unanimously.

The Public Utilities Commission met in Closed Session at 5:02 P.M. to discuss the following matters:

16. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

Nothing was discussed.

17. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

Nothing was discussed.

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et.al., Administrative Petition at the State Water Resources Control Board, and City of San Francisco v. Daly City, Superior Court No. 318-127.

Present were President Caen, Vice President Normandy, Commissioner Cook, Commissioner Bhatt, Commissioner Chen, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, Deputy City Attorney Joshua Milstein, and BSSP Manager Michael Carlin.

No action was taken.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c):
(Mueller)

Anticipated Litigation: As Plaintiff.
Regarding long-term power purchase contracts.

Nothing was discussed.

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c): (Clayton/Simpson)

Anticipated Litigation: As Plaintiff and As Defendant
Regarding delays and/or breach of communication and control system contract.

Regarding delays and/or breach of communication and control system contract.

Present were President Caen, Vice President Normandy, Commissioner Cook, Commissioner Bhatt, Commissioner Chen, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, Deputy City Attorney Louise Simpson, UEB Manager Michael Quan, and UEB Project Manager Fonda Davidis.

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 5:15 P.M.

21. Announcement following Closed Session.

President Caen announced the actions taken during Closed Session.

22. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Cook, seconded by Vice President Normandy, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

Thereupon, the meeting was adjourned: 5:15 P.M.

Mary Y. Jung
Secretary

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
1155 MARKET ST., 4TH FLOOR, SAN FRANCISCO, CA 94103 • TEL. (415) 554-3155 • FAX (415) 554-3161

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PATRICIA E. MARTEL
GENERAL MANAGER

NOTICE OF CANCELLATION

The Regular Meeting of the San Francisco Public Utilities Commission scheduled for Tuesday, March 12, 2002 has been cancelled. It has been rescheduled for Thursday, March 14, 2002 at 10 a.m. at City Hall, Room 400.

Mary Y. Jung
Secretary

DOCUMENTS DEPT.

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CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

SPECIAL MEETING

March 14, 2002
10:00 A.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

DEPARTMENTS
Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Report of the General Manager

   a) Energy Resource Plan (Smeloff)

8. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

   a) Staff Recommendation: Accept work performed for Contract CW-248, Clay / Jones Streets Sewer Replacement, approve Modification No. 1 and Modification No. 2 (Final) for a final contract amount of $378,473, and authorize final payment of $55,152.50 to the contractor, K.J. Woods Construction, Inc.

REGULAR BUSINESS

10. Discussion and possible action related to State Assembly Bills 1823 and 2058 and Senate Bill 1870. (Carlin)

    Staff Recommendation: Authorize the General Manager to submit to the Board of Supervisors a resolution by the San Francisco Public Utilities Commission opposing State Assembly Bill 1823 and 2058 and Senate Bill 1870 regarding management and operation of the City's regional water system and requesting action by the Mayor and Board of Supervisors to take an official city position opposing said bills and requesting the Mayor to transmit such opposition to the State Legislature.

11. Discussion and possible action related to Recycled Water Agreement. (Carlin)

    Staff Recommendation: Authorize the General Manager to submit to the Board of Supervisors an Agreement for the Purchase and Sale of Recycled Water between SFPUC, the City of Daly City and three local area golf courses (i.e. Olympic Club, San Francisco Golf & Country Club, and the Lake Merced Golf & Country Club) for the purposes of providing recycled water to the golf courses and the conveyance of easements to the SFPUC, from each of the golf courses, for the development and operation of groundwater injection and recovery wells at each golf course.

12. Discussion and possible action related to SFPUC Owner-Controlled Insurance Program. (Okereke)

Staff Recommendation: Ratify the selection of insurance coverages for the SFPUC Owner-Controlled Insurance Program, and payment of the total associated premiums in the amount of $4,946,088.87, of which $3,627,419.87 was due and paid on February 28, 2002, and $1,318,669 will be payable February, 2003, through the SFPUC authorized insurance broker, AON Risk Services, Inc.

LEASES AND PERMITS

13. Discussion and possible action related to Ingerson Avenue easement sale. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to request the Director of Property to prepare and submit legislation to the Board of Supervisors to accommodate the vacation of a portion of a drain pipe easement comprising approximately 500 sq. ft. at 827-33 Ingerson Avenue in San Francisco under the jurisdiction of the San Francisco Public Utilities Commission (SFPUC) and to quitclaim same to Jose Roberto Umanzor.

PROFESSIONAL SERVICE CONTRACTS

Advertise

14. Discussion and possible action related to Request for Proposal for As-Needed Corrosion Protection Services. (Chow)

Staff Recommendation: Authorize the Water Supply & Treatment Division (WS&TD) Manager to advertise and request proposals for As-Needed Corrosion Protection Services, Agreement No. CS-695, to provide corrosion maintenance services to the Supply and Treatment infrastructure for an estimated cost not to exceed $500,000 for a contract duration of four fiscal years

Amend

15. Discussion and possible action related to San Francisco Conservation Corps Master City contract. (Klein)

    Staff Recommendation: Authorize the San Francisco Public Utilities Commission to extend the City Wide contract with the San Francisco Conservation Corps for maintenance services for another year.

CLOSED SESSION

16. Public comments on matters to be discussed in Closed Session.

17. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

    Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

    Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

20. Announcement following Closed Session.

21. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

SFPUC
WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

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SEP 12 2002
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March 14, 2002
10:00 A.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A.Chen

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 10:06 A.M.

2. Roll Call: Present - President Ann Moller Caen, Vice President E. Dennis Normandy, Commissioner Frank L. Cook, Commissioner Jeffrey A. Chen

   Excused - Commissioner Ashok K. Bhatt

3. Approval of Minutes

   There were none submitted.

4. Communications

   No action taken.

5. Old/Ongoing Business by Commissioners

   There was no discussion.

6. Introduction of New Business by Commissioners

   There was no new business introduced.

7. Report of the General Manager

   Ms. Patricia E. Martel, General Manager of Public Utilities, announced that SFPUC staff will be participating in a clean-up effort at Lake Merced this Saturday, March 16th, in the morning. She invited the Commission and the public to join in this effort. After this, she introduced Mr. Ed Smeloff, Assistant General Manager for Power Policy.

   a) Energy Resource Plan

   Mr. Smeloff presented an overview of the draft Electricity Resource Plan (ERP) that will be presented to the public in a series of three community meetings, beginning the following week.

   Mr. Smeloff explained that the ERP was required by an ordinance of the Board of Supervisors (BOS). It was triggered by concern about environmental justice issues and potential economic impacts caused by the location of the proposed new Potrero Power Plant. The SFPUC and the Department of Environment (DOE) will submit the ERP to the BOS on April 22, 2002. The purpose of the report is to

make findings and recommendations about possible alternative ways of meeting San Francisco's electricity needs through transmission, load reduction, energy efficiency and load management, and nonfossil and renewable energy resources.

Four community meetings were held in December 2001. From the community input, seven goals were developed: (1) Develop renewable sources of electricity, (2) Maximize energy efficiency resources, (3) Assure reliable power for San Francisco, (4) Support affordable electric bills, (5) Improve air quality, (6) Support environmental justice, and (7) Increase local control over energy resources.

The report also outlined San Francisco's particular vulnerabilities. They are: (1) Our limited ability to import electricity also exposes us to catastrophic disruptions, (2) Infrastructure is old, (3) Air quality regulations could reduce the amount of allowed capacity, (4) The current market is not friendly to power plant development, and (5) Dependence on new generation facilities that rely on natural gasses and fuels.

Mr. Smeloff presented an overview and comparison of the City's resources. He stated that Mayor Willie L. Brown, Jr. told him that his number one priority was to shut down the Hunters Point Power Plant. He continued with some suggestions on potential new resources to meet San Francisco's long-term power needs and described three possible scenarios to accomplish this. He ended his presentation with a list of the recommendations: (1) The City needs to take a greater role in planning for and procuring new sources of power generation, (2) The City should intervene in the Energy Commission licensing process, (3) the City should begin the process of identifying other opportunities for cogeneration and smaller combined cycle power plants, (4) San Francisco needs additional transmission, and (5) The City should increase its efforts to implement energy efficiency measures in the public and private sectors.

Mr. Smeloff also announced the dates for the community meetings, the addresses, and the web address for downloading the draft report: www.sfenvironment.org.

President Caen asked Mr. Smeloff to explain the process for PG&E's second transmission plant and how the SFPUC could facilitate it. Mr. Smeloff outlined the steps and the timeline. PG&E wants to be energized by September 2005; however, the SFPUC would like this done before the summer of 2005 so that the Hunters Point Power Plant could be shut down that summer.

President Caen asked about the status of Mirant's plans. Mr. Smeloff explained that Mirant is continuing to go forward with their licensing process and is in the final stage, but that even after licensing, Mirant has to decide on whether or not they want to build the plant.

Vice President Normandy referred to a letter dated March 7 from "Prop B Supporters" and asked that a written response be sent to answer their concerns regarding the solar bond implementation.

President Caen asked Ms. Martel to comment on the Capital Improvement Program (CIP) outreach meeting from the evening before.

Ms. Martel reported that last night was the first of eleven community meetings scheduled in the supervisorial districts. Commissioners, stakeholders and staff have been invited and are to be present at each meeting and available to observe, comment, and answer questions regarding the CIP and the proposed financing plan. She presented an outline of the program and how feedback and questions will be incorporated into the final CIP report.

Vice President Normandy congratulated Ms. Martel and staff for the community meetings and asked Ms. Martel to contact the Mayor's Infrastructure Task Force and review the information she just presented. He expressed displeasure with inaccurate press articles describing the current draft CIP as the final document. He also asked about the status of the San Francisco Water Alliance (SFWA) contract and what the options and next steps are.

Ms. Martel responded that she is planning to meet with President Caen and Vice President Normandy regarding the various options and will proceed to inform the full Commission with a complete report after this meeting.

President Caen, speaking for herself, made the following statement for the record: The SFWA was awarded the contract fair and square. We should always keep that in sight because if we are being asked to go with the second person, that is really not the way the City does business. I just want to go on record from me, not the Commission, unless the Commission wants to concur with that.

Vice President Normandy replied that he concurred heartedly with this and stated the following: I would like to go on record as being in support of the current contract because we feel that we went through the entire process. In fact, Commissioner Cook and President Caen will bear this out, that it took us two years to get to a point to be very objective, to be very selective, to raise the bar for all the requirements, and I think that was an excellent process we went through. However, if our point of view is to be set aside, then we best have some options.

Commissioner Cook stated that he also supports these statements and having been a part of the process from its inception, he could clearly state that everything was looked at from a level playing field – that the contract was awarded on merit and not political influence – and that the Commission sought the CIP process and helped staff grow. He ended with the following statement: To look at canceling the contract after one year and have to start over is unfair to the efforts the Commission put into it. The contract was done on an aboveboard basis and I

resent having to be faced with a political undertow to the extent that the preference wasn't from entities that disagreed with the process and the selection.

Commissioner Chen noted that although he wasn't on the Commission at the time the award was given, the feedback he has received from staff point to a contract that is working. He stated the following: To now terminate that and start all over again seems wasteful of time and money and I would be opposed to ending the SFWA contract.

Public Comment:

Mr. Greg Karras, from Communities for a Better Environment, stated that they have been following the ERP carefully and wanted to add two points to Mr. Smeloff's presentation: (1) Mirant is moving forward and this will double their pollution from the largest air pollution source in the City and it would be in the Southeast, where pollution is already very high; and (2) he corrected the address for one of the community meetings. Mr. Smeloff responded that the public notices for the meetings listed the correct address; however, he neglected to make this change on his electronic slide presentation.

8. Public Comments on matters not on today's agenda.

   There were none.

CONSENT CALENDAR

9. Moved by Commissioner Cook, seconded by Commissioner Chen, to adopt the item (a) listed under the Consent Calendar; passed (4-0) unanimously.

   a) Resolution No. 02-0044: Accept work performed for Contract CW-248, Clay / Jones Streets Sewer Replacement, approve Modification No. 1 and Modification No. 2 (Final) for a final contract amount of $378,473, and authorize final payment of $55,152.50 to the contractor, K.J. Woods Construction, Inc.

REGULAR CALENDAR

10. Discussion and possible action related to State Assembly Bills 1823 and 2058 and Senate Bill 1870.

    Moved by Vice President Normandy, seconded by Commissioner Cook to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0045: Authorize the General Manager to submit to the Board of Supervisors a resolution by the San Francisco Public Utilities Commission opposing State Assembly Bill 1823 and 2058 and Senate Bill 1870 regarding management and operation of the City's regional water system and requesting action by the Mayor and Board of Supervisors to take an official city position opposing said bills and requesting the Mayor to transmit such opposition to the State Legislature.

11. Discussion and possible action related to Recycled Water Agreement.

Moved by Commissioner Cook, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0046: Authorize the General Manager to submit to the Board of Supervisors an Agreement for the Purchase and Sale of Recycled Water between SFPUC, the City of Daly City and three local area golf courses (i.e. Olympic Club, San Francisco Golf & Country Club, and the Lake Merced Golf & Country Club) for the purposes of providing recycled water to the golf courses and the conveyance of easements to the SFPUC, from each of the golf courses, for the development and operation of groundwater injection and recovery wells at each golf course.

12. Discussion and possible action related to SFPUC Owner-Controlled Insurance Program.

Moved by Vice President Normandy, seconded by Commissioner Cook to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0047: Ratify the selection of insurance coverages for the SFPUC Owner-Controlled Insurance Program, and payment of the total associated premiums in the amount of $4,946,088.87, of which $3,627,419.87 was due and paid on February 28, 2002, and $1,318,669 will be payable February, 2003, through the SFPUC authorized insurance broker, AON Risk Services, Inc.

LEASES AND PERMITS

13. Discussion and possible action related to Ingerson Avenue easement sale.

    Moved by Vice President Normandy, seconded by Commissioner Cook to adopt the following resolution; passed (4-0) unanimously.

    Resolution No. 02-0048: Authorize the General Manager of Public Utilities to request the Director of Property to prepare and submit legislation to the Board of Supervisors to accommodate the vacation of a portion of a drain pipe easement comprising approximately 500 sq. ft. at 827-33 Ingerson Avenue in San Francisco under the jurisdiction of the San Francisco Public Utilities Commission (SFPUC) and to quitclaim same to Jose Roberto Umanzor.

PROFESSIONAL SERVICE CONTRACTS

Advertise

14. Discussion and possible action related to Request for Proposal for As-Needed Corrosion Protection Services.

    Moved by Vice President Normandy, seconded by Commissioner Cook to adopt the following resolution; passed (4-0) unanimously.

    Resolution No. 02-0049: Authorize the Water Supply & Treatment Division (WS&TD) Manager to advertise and request proposals for As-Needed Corrosion Protection Services, Agreement No. CS-695, to provide corrosion maintenance services to the Supply and Treatment infrastructure for an estimated cost not to exceed $500,000 for a contract duration of four fiscal years

Amend

The following item was pulled.

15. Discussion and possible action related to San Francisco Conservation Corps Master City contract.

    Staff Recommendation: Authorize the San Francisco Public Utilities Commission to extend the City Wide contract with the

San Francisco Conservation Corps for maintenance services for another year.

CLOSED SESSION

16. Public comments on matters to be discussed in Closed Session.

    There were none.

17. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

    Moved by Commissioner Cook, seconded by Commissioner Chen, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 10:58 A.M. to discuss the following matters:

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

    Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

    Present were President Caen, Vice President Normandy, Commissioner Cook, Commissioner Chen, SFPUC General Manager Patricia E. Martel, Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Assistant General Manager for Power Policy Ed Smeloff, and Deputy City Attorney Donn Furman.

    No action was taken.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

    Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

    Present were President Caen, Vice President Normandy, Commissioner Cook, Commissioner Chen, SFPUC General Manager Patricia E. Martel, Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Assistant General Manager of Power Policy Ed Smeloff, and Deputy City Attorney Donn Furman.

    No action was taken.

Following the Closed Session, the Commission reconvened in open session at 11:23 A.M.

20. Announcement following Closed Session.

    President Caen announced the actions taken during Closed Session.

21. Motion regarding whether to disclose the discussions during Closed Session.

    Moved by Vice President Normandy, seconded by Commissioner Cook, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

Thereupon, the meeting was adjourned: 11:24 A.M.

Mary Y. Jung
Secretary

3?
26/02

SFPUC

WATER
HETCH HETCHY WATER & POWER
CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

DOCUMENTS DEPT.

MAR 2 2 2002

SAN FRANCISCO
PUBLIC LIBRARY

March 26, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

   a) Minutes of November 13, 2001 Regular Commission Meeting

   b) Minutes of November 27, 2001 Regular Commission Meeting

   c) Minutes of December 11, 2001 Regular Commission Meeting

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Report of the General Manager

   a) Lake Merced Update (Carlin)

   b) 2001 Employees Combined Charities Campaign (Wong)

8. Bay Area Water Users Association (BAWUA) General Manager's Report

   a) Milestones Update (Jensen)

9. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

    a) Staff Recommendation: Ratify CW-328E, the Declaration of Emergency made by the General Manager of Public Utilities for the replacement of structurally inadequate sewer on Elmira Street, from Shafter Avenue to Industrial Street.

REGULAR BUSINESS

11. Discussion and possible action related to setting public hearing date on rate adjustments for water and sewer services. (Okereke)

    Staff Recommendation: Designate Tuesday April 23, 2002, at 1:30 p.m. in City Hall, Room 400, 1 Dr. Carlton B. Goodlett Place, San Francisco as the date, time and place for a public hearing to be conducted by the San Francisco Public Utilities Commission for the purpose of considering proposed adjustments to the rates for water and sewer services provided by the Water Enterprise and Clean Water Enterprise, respectively, and the miscellaneous fees charged by each enterprise.

12. Discussion and possible action related to Legislative Program for SFPUC. (Arena)

    Staff Recommendation: Consider and approve a Legislative Program for 2002.

CONSTRUCTION CONTRACTS

Award

13. Discussion and possible action related to Contract No. WD-2368. (Quan)

Staff Recommendation: Award Contract No. WD-2368, University Mound Reservoir South Basin Cleaning and Repair, in the amount of $4,314,871, to Mitchell Engineering.

PROFESSIONAL SERVICE CONTRACTS

Advertise

14. Discussion and possible action related to Agreement CS-690, as needed engineering services. (Smeloff)

Staff Recommendation: Authorize the Assistant General Manager for Power Policy and Hetch Hetchy Acting General Manager to advertise and request proposals from professional consulting firms for professional services agreements to provide energy resource planning, development, analysis, and technical assistance services on an as-needed basis for up to ten agreements to assist and supplement SFPUC and Hetch Hetchy staff in various projects.

Award

15. Discussion and possible action related to CS-664, Emergency Management Program. (Klein)

Staff Recommendation: Approve the selection and authorize the San Francisco Public Utilities Commission (SFPUC) General Manager to negotiate and execute Agreement No. CS-664, Emergency Management Program to Barbara Foster and Associates for a total budgeted amount not to exceed $170,000 and a term of two (2) years.

Amend

16. Discussion and possible action related to San Francisco Conservation Corps Master City contract. (Klein)

    Staff Recommendation: Extend the City Wide contract with the San Francisco Conservation Corps for maintenance services for another year from March 1, 2002 to February 28, 2003.

17. Discussion and possible action related to Agreement No. CS-658, Legislation Representation and Advocacy Services. (Martel)

    Staff Recommendation: Authorize the Bureau of Strategic and System Planning (BSSP) Manager to execute Amendment No. One to Agreement No. CS-658, Legislation Representation and Advocacy Services with Hooper, Owen and Winburn to reassign the agreement to The Palmetto Group, to increase the agreement by $275,000 (the original agreement services cost was $275,000 and the term was for one year) for a total budgeted amount not to exceed $550,000, and extend the term to April 30, 2003.

18. Discussion and possible action related to dealer agreement with Lehman Brothers and Lam Securities Investments, Inc. (Okereke)

    Staff Recommendation: Authorize the General Manager or her designee to extend the Dealer Agreement with Lehman Brothers and Lam Securities Investments, Inc., until the termination of the commercial paper program but in no event later than June 30, 2004.

CLOSED SESSION

19. Public comments on matters to be discussed in Closed Session.

20. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

    Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

    Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

    Existing Litigation: California Trout v. CCSF, et.al., Administrative Petition at the State Water Resources Control Board, and City of San Francisco v. Daly City, Superior Court No. 318-127.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

    Existing Litigation: Karen H. Conway vs. City & County of San Francisco, Claim No. 01-W-0059-1.

25. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

    Property: APN 96-375-009, Surface Mining Permit 30
    Parties Negotiating: RMC Materials v. CCSF
    Under Negotiation: Proposed 3-year (or less) extension of the existing lease.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

26. Announcement following Closed Session.

27. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

SFPUC

WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

DOCUMENTS DEPT.
SEP 12 2002
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March 26, 2002
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COMMISSIONERS

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Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:36 P.M.

2. Roll Call: Present - President Ann Moller Caen, Vice President E. Dennis Normandy, Commissioner Frank L. Cook, Commissioner Ashok K. Bhatt, Commissioner Jeffrey A. Chen

3. Approval of Minutes

   Moved by Vice President Normandy, seconded by Commissioner Bhatt, to adopt the Minutes of the November 13, 2001, November 27, 2001 and December 11, 2001 meetings as amended; passed (5-0) unanimously.

4. Communications

   No action taken.

5. Old/Ongoing Business by Commissioners

   President Caen asked if the Communications Group Outreach and Action Plan was still set for the April 9th Commission Meeting. Commission Secretary Mary Jung answered that the item is being moved to a later date.

   Commissioner Bhatt expressed concern that minority businesses have relayed to him that they feel they are not getting a fair number of contracts and he urged the Commission and staff to include all communities in contracting practices.

6. Introduction of New Business by Commissioners

   President Caen congratulated Ms. Cheryl Davis, Water Treatment & Supply Division Manager, on the publication of her new book and suggested reading the two chapters she authored, plus the introduction and the conclusion.

   Commissioner Chen asked about the lead-free faucet program. *President Caen asked that the faucet information be reissued to Commissioner Chen.*

7. Report of the General Manager

   Mr. Ed Smeloff, Assistant General Manager for Power Policy, replaced General Manager Patricia E. Martel for this meeting. He announced her two reports, starting with Lake Merced by Mr. Michael Carlin, Manager of the Bureau of Systems and Strategic Planning.

a) Lake Merced

Mr. Carlin reported on several items related to Lake Merced:

(1) A meeting held last week at SFPUC offices with hydrologists to talk about a conceptual model that was developed for Lake Merced. Vice President Normandy also attended the meeting. The purpose of the meeting was to bring all experts together to come to agreement on the conceptualization of how the Lake and the aquifer will work together. Having reached that agreement, SFPUC can move forward and start looking at the solution sets and how they will play out over time.

(2) The SFPUC also moved forward the items the Commission approved for recycled water and conjunctive use to the Board of Supervisors (BOS). Once this has been passed by the Board, this can also be implemented

(3) The discussions with Daly City regarding the West Side Basin Aquifer issues will now include San Bruno and the California Water Service (the latter serves water to South San Francisco). He expects to bring forward agenda items in the future dealing with San Bruno and South San Francisco.

(4) Staff is working on solution sets and have convened a number of meetings to talk about optimal lake levels, how to reach them, time lines, and what this means in terms of recreation and habitat.

Vice President Normandy thanked Mr. Carlin and Deputy City Attorney Joshua Milstein for their work in moving the Lake Merced items forward. He thought the work from the last two months was exemplary.

b) 2002 Employees Combined Charities Campaign

Captain John Ehrlich, from the San Francisco Police Department, appeared before the Commission to thank the staff for the contributions they made during the Combined Charities Campaign. Not only did the SFPUC have a substantial rise in the percentage of employees contributing and the amount contributed, but SFPUC staff can always be counted upon to run an imaginative campaign. He made special mention of Anna Wong, who was the Coordinator for the SFPUC.

Ms. Anna Wong, a Utilities Engineering Bureau (UEB) employee, also stepped forward to thank staff and Mr. Michael Quan, UEB Manager, for supporting her for two years as the Coordinator. She expressed hope that the SFPUC's contributions will continue to grow.

President Caen thanked them for their hard work.

8. Bay Area Water Users Association (BAWUA) General Manager's Report

a) Milestones Update

Mr. John Ummel, substituting for Mr. Art Jensen – General Manager of BAWUA, updated the Commission on the Water Supply Master Plan (WSMP). On a local conservation level, BAWUA has instituted a region-wide washing machine rebate that awards rebates from $75-$150 to homeowners who purchase energy or water-efficient washing machines. They conduct water conservation activities in their elementary schools using art instructors that use the curriculum developed by the Association of California Water Agencies. They also are starting a large-scale landscaping audit for some of the smaller BAWUA agencies that don't have the resources to do that.

In the area of pricing, the WSMP calls for BAWUA and the SFPUC to work on a pricing arrangement when BAWUA agencies exceed a certain amount of purchases. BAWUA has crunched some numbers and intends to meet with SFPUC staff and present them.

Mr. Ummel listed the seven projects identified in the WSMP and explained that they have been waylaid because of the lateness of the CIP and other individual developments relating to the projects. He stated that he was pleased with the CIP meetings he has attended with SFPUC staff and the San Francisco Water Alliance (SFWA). He has attended two of the CIP community meetings and was impressed with Ms. Martel's presentation and her ability to tackle difficult questions. He relayed Mr. Jensen's wish that CIP community meetings also be held in the suburban areas.

9. Public Comments on matters not on today's agenda.

There were none.

CONSENT CALENDAR

10. Moved by Commissioner Cook, seconded by Vice President Normandy, to adopt the item (a) listed under the Consent Calendar; passed (5-0) unanimously.

a) Resolution No. 02-0050: Ratify CW-328E, the Declaration of Emergency made by the General Manager of Public Utilities for the replacement of structurally inadequate sewer on Elmira Street, from Shafter Avenue to Industrial Street.

REGULAR CALENDAR

11. Discussion and possible action related to setting public hearing date on rate adjustments for water and sewer services.

    Moved by Vice President Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

    Resolution No. 02-0051: Designate Tuesday April 23, 2002, at 1:30 p.m. in City Hall, Room 400, 1 Dr. Carlton B. Goodlett Place, San Francisco as the date, time and place for a public hearing to be conducted by the San Francisco Public Utilities Commission for the purpose of considering proposed adjustments to the rates for water and sewer services provided by the Water Enterprise and Clean Water Enterprise, respectively, and the miscellaneous fees charged by each enterprise.

12. Discussion and possible action related to Legislative Program for SFPUC.

    Ms. Suzanne Arena, Manager for Government Affairs, outlined the legislative program for 2002. President Caen commended her for pushing forward on this and noted how important public affairs is for this Commission.

    Vice President Normandy agreed and asked the following questions: (1) Does Ms. Arena have enough staff support? (2) *Can Ms. Arena update the Commission every two months and combine it with the other legislative reports?* Ms. Arena answered affirmatively to the last question.

    Commissioner Bhatt suggested that our web site be updated every two weeks to contain legislative updates.

    Moved by Vice President Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

    Resolution No. 02-0052: Consider and approve a Legislative Program for 2002.

CONSTRUCTION CONTRACTS

Award

13. Discussion and possible action related to Contract No. WD-2368.

Moved by Commissioner Cook, seconded by Commissioner Chen to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0053: Award Contract No. WD-2368, University Mound Reservoir South Basin Cleaning and Repair, in the amount of $4,314,871, to Mitchell Engineering.

PROFESSIONAL SERVICE CONTRACTS

Advertise

14. Discussion and possible action related to Agreement CS-690, as needed engineering services.

Mr. Ed Smeloff explained the need for the ten professional services contracts (PSC) that his division is proposing. Because of the scope of work – from developing new energy generation projects to intervention needed on regulatory matters – they are critical to fulfilling an aggressive energy conservation program.

Commissioner Chen asked about the funding source for these contracts. Commissioner Cook echoed the same concerns because the cost estimate listed does not match the amount being requested. Mr. Smeloff answered that funding will come from SFPUC operating accounts, Propositions B and H funding, and from CIP funding for Hetch Hetchy projects. He further explained that the real total needed could be as high as $7.4 million, but decided to try to spend less and therefore is asking for less. If additional funding is needed, staff can always come back before the Commission to request this.

Moved by Commissioner Vice President Normandy, seconded by Commissioner Cook to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0054: Authorize the Assistant General Manager for Power Policy and Hetch Hetchy Acting General Manager to advertise and request proposals from professional consulting firms for professional services agreements to provide energy resource planning, development, analysis, and technical assistance services on an as-needed basis for up to ten agreements to assist and supplement SFPUC and Hetch Hetchy staff in various projects.

Award

15. Discussion and possible action related to CS-664, Emergency Management Program.

Moved by Commissioner Cook, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0055: Approve the selection and authorize the San Francisco Public Utilities Commission (SFPUC) General Manager to negotiate and execute Agreement No. CS-664, Emergency Management Program to Barbara Foster and Associates for a total budgeted amount not to exceed $170,000 and a term of two (2) years.

Amend

16. Discussion and possible action related to San Francisco Conservation Corps Master City contract.

    Moved by Commissioner Cook, seconded by Vice President Normandy to adopt the following resolution; passed (5-0) unanimously.

    Resolution No. 02-0056: Extend the City Wide contract with the San Francisco Conservation Corps for maintenance services for another year from March 1, 2002 to February 28, 2003.

17. Discussion and possible action related to Agreement No. CS-658, Legislation Representation and Advocacy Services.

    Moved by Vice President Normandy, seconded by Commissioner Chen to adopt the following resolution; passed (5-0) unanimously.

    Resolution No. 02-0057: Authorize the Bureau of Strategic and System Planning (BSSP) Manager to execute Amendment No. One to Agreement No. CS-658, Legislation Representation and Advocacy Services with Hooper, Owen and Winburn to reassign the agreement to The Palmetto Group, to increase the agreement by $275,000 (the original agreement services cost was $275,000 and the term was for one year) for a total budgeted amount not to exceed $550,000, and extend the term to April 30, 2003.

18. Discussion and possible action related to dealer agreement with Lehman Brothers and Lam Securities Investments, Inc.

    Moved by Commissioner Bhatt, seconded by Vice President Normandy to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0058: Authorize the General Manager or her designee to extend the Dealer Agreement with Lehman Brothers and Lam Securities Investments, Inc., until the termination of the commercial paper program but in no event later than June 30, 2004.

CLOSED SESSION

19. Public comments on matters to be discussed in Closed Session.

    There were none.

20. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

    Moved by Vice President Normandy, seconded by Commissioner Cook, to assert the attorney-client privilege; passed (5-0) unanimously.

The Public Utilities Commission met in Closed Session at 2:27 P.M. to discuss the following matters:

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

    Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

    Present were President Caen, Vice President Normandy, Commissioner Cook, Commissioner Bhatt, Commissioner Chen, SFPUC Assistant General Manager of Power Policy Ed Smeloff, Utilities Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

    No action was taken.

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

    Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

    Present were President Caen, Vice President Normandy, Commissioner Cook, Commissioner Bhatt, Commissioner Chen, SFPUC Assistant General Manager of Power Policy Ed Smeloff, Utilities Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

    No action was taken.

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation:	California Trout v. CCSF, et.al., Administrative Petition at the State Water Resources Control Board, and City of San Francisco v. Daly City, Superior Court No. 318-127.

Nothing was discussed.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation:	Karen H. Conway vs. City & County of San Francisco, Claim No. 01-W-0059-1.

Present were President Caen, Vice President Normandy, Commissioner Cook, Commissioner Bhatt, Commissioner Chen, SFPUC Assistant General Manager of Power Policy Ed Smeloff, Utilities Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung

Moved by Commissioner Cook, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0059:	Recommend a settlement in the case of Karen H. Conway vs. C&CSF, Claim No. 01-W-0059-1.

25. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property:	APN 96-375-009, Surface Mining Permit 30
Parties Negotiating:	RMC Materials v. CCSF
Under Negotiation:	Proposed 3-year (or less) extension of the existing lease.

Present were President Caen, Vice President Normandy, Commissioner Cook, Commissioner Bhatt, Commissioner Chen, SFPUC Assistant General Manager of Power Policy Ed Smeloff, Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Systems and Strategic Planning Manager Michael Carlin, and Deputy City Attorney Joshua Milstein.

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 2:51 P.M.

26. Announcement following Closed Session.

    President Caen announced the actions taken during Closed Session.

27. Motion regarding whether to disclose the discussions during Closed Session.

    Moved by Vice President Normandy, seconded by Commissioner Cook, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

Thereupon, the meeting was adjourned: 2:52 P.M.

Mary Y. Jung
Secretary

SFPUC

WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

April 9, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Report of the General Manager

   a) San Francisco Water Alliance Update (Martel)

8. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

a) Staff Recommendation: Approve the plans and specifications for Contract No. WD-2325, Palo Alto Pipeline Connection to Bay Division Pipelines Nos. 1 and 2 at Redwood City, authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids.

b) Staff Recommendation: Award Contract WD-2359, 4", 6", 8", & 10" Ductile Iron Pipe Main Installation in Green Street from Van Ness Avenue to Hyde Street, Leavenworth Street to Jones Street, Icehouse Alley to Front Street; in Vallejo Street from Van Ness Avenue to Leavenworth Street; in Mason Street at Broadway intersection; and in Douglass Street from 21st Street to Corwin Street, in the amount of $1,248,386 to J. Flores Construction, Inc.

c) Staff Recommendation: Accept work performed on Contract No. CW-250, Capp/Hartford/Liberty/19th Streets Sewer Replacement, approve Modification No. 1 (Final), decreasing the contract by $20,563.20, for a final contract amount of $527,744.30, and authorize final payment in the amount of $76,320.73 to the contractor, JMB Construction, Inc.

d) Staff Recommendation: Accept work performed on Contract No. CW-279, Lake Street and Arguello Boulevard Sewer Replacement, approve Modification No. 1 (Final), increasing the contract by $2,990.02, for a final contract amount of $356,153.02, and authorize final payment in the amount of $58,574.38 to the contractor, JMB Construction, Inc.

e) Staff Recommendation: Approve the plans and specifications for Contract No. CW-290 Howard Street Butterfly Gate Valve Replacement and authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids.

LEASES AND PERMITS

10. Discussion and possible action related to County of Tuolumne Revocable Permit. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco, a Revocable Permit to the County of Tuolumne for a portion of San Francisco Public Utilities Commission land consisting of approximately 8,843 square feet located in the City of Groveland to be utilized as a public pedestrian walkway.

11. Discussion and possible action related to permit with Interstate Grading and Paving, Inc. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco a permit with Interstate Grading and Paving, Inc., South San Francisco to use approximately 3,300 square feet of SFPUC land located at the corner of Roosevelt Avenue and Johnson Street in Redwood City, CA for storage and staging area for its road-paving project.

12. Discussion and possible action related to property exchange with Jean Phleger. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to request the Director of Property to prepare and submit legislation to the Board of Supervisors to accommodate the exchange of properties between the San Francisco Public Utilities Commission (SFPUC) and Jean Phleger (Grantee) and approve a Grant of Easement to Jean Phleger for the installation, maintenance and repair of a 2-inch pipeline for the operation of a private water line on City land under the jurisdiction of the SFPUC located on Crystal Springs watershed lands in the San Mateo County.

PROFESSIONAL SERVICE CONTRACTS

Award

13. Discussion and possible action related to Agreement No. CS-672A. (Medbery)

    Staff Recommendation: Award Agreement No. CS-672A (Lubet Permitting and Design) to URS Corporation. The services under this agreement shall be provided for a total budgeted amount not to exceed $396,000 and a term of 18 months from the date of Controller certification.

CLOSED SESSION

14. Public comments on matters to be discussed in Closed Session.

15. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

16. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

    Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

17. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

    Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et.al., Administrative Petition at the State Water Resources Control Board, and City of San Francisco v. Daly City, Superior Court No. 318-127.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c): (Mueller)

Anticipated Litigation: As Plaintiff.
Regarding long-term power purchase contracts.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

20. Announcement following Closed Session.

21. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

SFPUC

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

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April 9, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

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- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:32 P.M.

2. Roll Call: Present - President Ann Moller Caen, Vice President E. Dennis Normandy, Commissioner Frank L. Cook, Commissioner Ashok Bhatt, and Commissioner Jeffrey Chen

3. Approval of Minutes

   There were none submitted.

4. Communications

   No action taken.

5. Old/Ongoing Business by Commissioners

   There was no discussion.

6. Introduction of New Business by Commissioners

   President Caen congratulated Vice President Normandy and Commissioner Cook on their reappointments to the Commission.

7. Report of the General Manager

   a) San Francisco Water Alliance Update.

   Patricia E. Martel, General Manager of Public Utilities, apprised the Commissioner on the developments of the San Francisco Water Alliance (SFWA). Until March 21, Ms. Martel reported back to the Finance Committee on the status of the SFWA contract and the activities under the agreement. As of March 21, funding allocated in October by the Finance Committee and Board of Supervisors totaling $3 million was utilized on activities the SFPUC wanted the Water Alliance to work on from October-March. When the funding runs out, the SFWA contract cannot move forward because of insufficient funding to continue the agreement.

   Ms. Martel reported that she and the Commissioners received a letter from Bechtel stating their willingness to withdraw from the SFWA. The letter has not been responded to pending direction from the Commission on how to proceed. Ms. Martel stated that there are three options available:

   (1) Accept Bechtel's letter of withdrawal at Commission's direction. This would terminate their responsibilities to the SFPUC and end their relationship as the

prime contractor. The remaining members of the SFWA have submitted a proposal to continue the contract without Bechtel. Ms. Martel asked the Commission to review the proposal and stated she would review their staffing plan. The proposal sent was broad in scope and did not indicate who would staff what activities. Ms. Martel asked the remaining joint venture members for more information. They have indicated their willingness to meet and introduce the principals of Jacobs Civil, Inc., one of the firms being considered as a replacement for Bechtel Infrastructure.

(2) Work closely with the City Attorney to look at possibilities available in considering the proposal from SFWA partners. In addition, discuss with Board of Supervisors to consider a resolution to be prepared by City Attorney's Office, allowing the Commission to go back to the original applicants and to make a selection from the previously selected bidders/responders.

Options 1 and 2 would require authorization of the Board of Supervisors to move forward.

(3) Prepare another Request for Proposal (RFP) with a revised scope of work. If SFPUC were to choose this option, the RFP process will take one year or more. With this option, the SFPUC would utilize services of the SFWA for the remaining time of funding. Once the funding is depleted, SFPUC would be forced to use as-needed contracts.

Ms. Martel is planning to meet with the City Attorney so that more information can be given to the Commission. She also informed the Commission that the analysis requested on the fund status of Propositions A & B is still being prepared and completion is anticipated by the end of the month.

Commissioner Cook, through the Chair, commented that the process has yielded to political influence and he felt it was unfair and a disservice to the Commission, now in the second year of the process, to deal with the opposition and political powers that are not in favor of Bechtel. He expressed the process had been above-board and without political pressure when the selection of Bechtel was made and voiced that he would be in opposition to accepting their resignation and selecting a second choice. He felt the decision should be made by those in opposition to Bechtel.

Vice President Normandy shared Commissioner Cook's chagrin at the situation, but stated he prefers to take a more practical and positive approach at this time, as SFPUC is faced with the task of keeping the CIP on track. He commended Bechtel for seeing the political realities that now apply to this City and for voluntarily taking themselves out of the equation. He stated he is in favor of continuing with the remaining members of the SFWA and feels that Jacobs is also a strong entity in program management and has the experience and the track record that would allow the CIP to move forward. He voiced hesitancy in going to the second most

responsive bidder because of certain legalities that might be involved. He stated the main objective is that the CIP move forward as quickly, productively, and effectively as possible, making the following suggestions: (1) that staff immediately come back to the Commission with the revised organization plan that the SFWA will be following, (2) that staff advise the Commission definitively as to whether they are able to accept this situation; and (3) that staff recommend how quickly the SFPUC can get back on track and secure additional funding to move into year three with the very same contractors.

Mr. Normandy stated the larger objective is to protect the citizens of San Francisco and the other counties served and to move forward with the CIP. He said he would like to see or address any criticisms or suggestions that have been brought forth to the Commission about the inadequacies of the contract as constituted with Bechtel. Correcting the procedures and processes is preferable to finding other teams to serve as program management consultants.

Commissioner Chen concurred with Commissioner Cook regarding Bechtel being fairly chosen and how the SFWA team should be allowed to continue with the contract. Mr. Chen also concurred with Vice President Normandy's opinion to continue with the remaining members of the SFWA if possible. He believes they have the experience and they are currently doing the job. He suggested keeping the current members of the SFWA rather than bringing in a new contractor or starting all over again.

Commissioner Bhatt agreed with Vice President Normandy's and Commissioner Chen's position. He also voiced concern about misuse of public funds and that the Board of Supervisors should be liable for their decision to block Bechtel.

President Caen inquired on the status of the SFWA and the Finance Committee.

Ms. Martel responded that at her last presentation before the Finance Committee, Supervisor Aaron Peskin informed her that he was filing her report and that she no longer needed to appear before the Finance Committee to report on the SFWA contract.

President Caen asked if there was any possibility of going before the Board of Supervisors to discuss their concerns about Bechtel. She felt that if the SFPUC can show that Bechtel's performance has been excellent, there should be no other factors.

Ms. Martel responded that she had the impression that the Finance Committee would not forward it to the Board for consideration as there would not be sufficient support from the Board.

Commissioner Cook asked what the status of the SFWA would be without Bechtel. He questioned the costs associated with what the new costs will be.

Vice President Normandy responded by stating he had the highest respect for most of the other firms involved in the bid process. He stated he would like to proceed with the General Manager's first option. He felt that the second option to take the second most responsive bidder has deficiencies and that the third option of a new RFP could take another three years and put everyone at risk.

Commissioner Cook supported Vice President Normandy's observation, but voiced his skepticism about the future and the possibility of having another team member from the ten withdraw from the team as Bechtel did.

President Caen requested to continue the discussion. She stated the Commission needs more facts She requested discussing this with Bechtel and the SFWA.

General Manager Martel agreed to compile all the information that was outlined for consideration today and will arrange a meeting for President Caen to meet with Bechtel representatives. For the record, she stated that all of the partners who have worked on the SFWA contract since she started have demonstrated a high level of capability and that even though Bechtel was the prime contractor, a great majority of the work is being provided by those partners who are consultants assisting with a variety of tasks in fulfillment of the contract. She wanted the Commission to know that with the first option it would not be a second-rate team, but rather, it would be the same team, minus Bechtel Infrastructure, and that there would be a suitable infrastructure management firm replacing Bechtel.

Vice President Normandy requested staff arrange whatever meetings are needed and provide the Commission with the information it needs so that by the next regular Commission meeting, an action can be taken on the resignation of Bechtel from the San Francisco Water Alliance.

Ms. Martel concluded her report with two items. The SFPUC has conducted eight of the evelen CIP community outreach meetings and expects to finish them by mid-April. Appreciation was extended to Commissioners for their attendance at these meetings and it was stated their presence was beneficial for the community. It was reported that the meetings are all being documented and upon completion, the materials will be put together in a report for Commissioners to review. It was announced that there are plans to have similar outreach meetings for our wholesale customers about the process being undertaken and she provided details on what is being done locally to ensure the voters are adequately educated about the CIP proposal.

On March 26, Ms. Martel attended a water summit that was coordinated by Silicon Valley Manufacturing Group. In attendance were SFPUC wholesale customers and interested Silicon Valley companies. Ms. Martel reported that the presentations she

and Art Jenson, President of Bay Area Waters Users Association (BAWUA), made were well received and positive feedback was given. She expressed that continued outreach meetings in San Francisco and regional areas are important so that regional customers and residents are aware that the SFPUC is committed to the CIP and that a partnership is being developed with wholesale customers.

Vice President Normandy congratulated Paula Kehoe in her new position as Chief of Staff. Secondly, he mentioned San Francisco honoring Herb Caen Week and referred to last year's approval of a resolution to move ahead with the Herb Caen Learning Center. He requested the General Manager be in a position in a year to make an announcement relative to the Learning Center and that the SFPUC be included in Herb Caen Week next year.

General Manager Martel responded that she'd had a meeting with Supervisor Newsom regarding the CIP and to discuss the Herb Caen Learning Center. Newsom stated the Learning Center would be a good contribution to the community because it will be a resource for public meetings as well as a learning center. Newsom offered his support and assistance and shared that his constituents want the learning center facility to be refurbished and rehabilitated.

President Caen also congratulated Paula Kehoe and then asked for public comments.

Public Comments:

Ali Atalah, President of the Arab Chamber of Commerce in San Francisco, spoke about the Arab-American community in San Francisco being certified as a minority group under HRC Chapter 12B a couple of years ago. He had a January 1998 document listing the number of companies available in San Francisco and the amount of contracts that had been awarded to all the different minority groups. The document indicated that Arab-American groups had not exceeded more than a fraction of 1% since 1998. He came forth on behalf of his community, stating they had been trying very hard to open up the doors with some of the firms and agencies, and that they are interested in having contracts with the SFPUC.

Mr. Atalah continued that when Program Management Contract RFP first was issued, Arab-Americans were not part of Chapter 12B and could not get on any of the teams. He stated that if the Commission decides to keep SFWA or issues a new RFP, this would be the opportunity to diversify the consulting team. He expressed that despite having the minority privilege in San Francisco, Arab-American business is 99% outside San Francisco and unable to break into the market. He would like to see the Commission address this issue.

Ms. Martel agreed to meet with Mr. Atalah to discuss the issue in further detail.

CONSENT CALENDAR

President Ann Moller Caen requested continuance of Item 9b and that it be scheduled on the Regular Calendar for the next Commission Meeting of April 23, 2002, with a bid summary sheet included.

9. Moved by Commissioner Bhatt, seconded by Vice President Normandy, to adopt the items listed under the Consent Calendar except item 9b; passed (5-0) unanimously.

a) Resolution No. 02-0060:	Approve the plans and specifications for Contract No. WD-2325, Palo Alto Pipeline Connection to Bay Division Pipelines Nos. 1 and 2 at Redwood City, authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids.
b) Continued	Award Contract WD-2359, 4", 6", 8", & 10" Ductile Iron Pipe Main Installation in Green Street from Van Ness Avenue to Hyde Street, Leavenworth Street to Jones Street, Icehouse Alley to Front Street; in Vallejo Street from Van Ness Avenue to Leavenworth Street; in Mason Street at Broadway intersection; and in Douglass Street from 21st Street to Corwin Street, in the amount of $1,248,386 to J. Flores Construction, Inc.
c) Resolution No. 02-0061:	Accept work performed on Contract No. CW-250, Capp/Hartford/Liberty/19th Streets Sewer Replacement, approve Modification No. 1 (Final), decreasing the contract by $20,563.20, for a final contract amount of $527,744.30, and authorize final payment in the amount of $76,320.73 to the contractor, JMB Construction, Inc.
d) Resolution No. 02-0062:	Accept work performed on Contract No. CW-279, Lake Street and Arguello Boulevard Sewer Replacement, approve Modification No. 1 (Final), increasing the contract by $2,990.02, for a final contract amount of $356,153.02, and authorize final payment in the amount of $58,574.38 to the contractor, JMB Construction, Inc.
e) Resolution No. 02-0063:	Approve the plans and specifications for Contract No. CW-290 Howard Street Butterfly Gate Valve Replacement and authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids.

LEASES AND PERMITS

10. Discussion and possible action related to County of Tuolumne Revocable Permit.

    Moved by Vice President Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

    Resolution No. 02-0064: Authorize the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco, a Revocable Permit to the County of Tuolumne for a portion of San Francisco Public Utilities Commission land consisting of approximately 8,843 square feet located in the City of Groveland to be utilized as a public pedestrian walkway.

11. Discussion and possible action related to permit with Interstate Grading and Paving, Inc.

    Moved by Commissioner Cook, and seconded by Vice President Normandy to adopt the following resolution; passed (5-0) unanimously.

    Resolution No. 02-0065: Authorize the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco a permit with Interstate Grading and Paving, Inc., South San Francisco to use approximately 3,300 square feet of SFPUC land located at the corner of Roosevelt Avenue and Johnson Street in Redwood City, CA for storage and staging area for its road-paving project.

12. Discussion and possible action related to property exchange with Jean Phleger.

    Moved by Vice President Normandy, and seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

    Resolution No. 02-0066: Authorize the General Manager of Public Utilities to request the Director of Property to prepare and submit legislation to the Board of Supervisors to accommodate the exchange of properties between the San Francisco Public Utilities Commission (SFPUC) and Jean Phleger (Grantee) and approve a Grant of Easement to Jean Phleger for the installation, maintenance and repair of a 2-inch pipeline for the operation of a private water line on City land under the jurisdiction of the SFPUC

located on Crystal Springs watershed lands in the San Mateo County.

PROFESSIONAL SERVICE CONTRACTS

Award

13. Discussion and possible action related to Agreement No. CS-672A.

Moved by Vice President Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0067: Staff Recommendation: Award Agreement No. CS-672A (Lubet Permitting and Design) to URS Corporation. The services under this agreement shall be provided for a total budgeted amount not to exceed $396,000 and a term of 18 months from the date of Controller certification.

CLOSED SESSION

Closed Session was cancelled for today's meeting.

Thereupon, the meeting was adjourned: 2:24 P.M.

Mary Y. Jung
Secretary

32
2
23/02

SFPUC

WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

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APR 18 2002

SAN FRANCISCO
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REGULAR MEETING

April 23, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Frank L. Cook
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

   a) Minutes of January 8, 2002 Regular Commission Meeting

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Report of the General Manager

   a) Budget Update (Martel)

8. Bay Area Water Users Association (BAWUA) General Manager's Report

   a) BAWUA's Seismic Preparedness Activities (Jensen)

9. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

a) Staff Recommendation: Approve the plans and specifications for Contract No. CW-287, Mary / 3rd / Fremont/ Freelon Streets Sewer Replacement (Mary Street from Minna Street to Mission Street, 3rd Street from Bryant Street to Harrison Street, Fremont Street from Howard Street to Folsom Street and Freelon Street from 4th Street to Zoe Street), and authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids.

b) Staff Recommendation: Approve the plans and specifications for Contract No. WD-2328, 8-Inch Ductile Iron Main Installation in Main Street between Mission Street and Bryant Street; and in Spear Street between Mission Street and the Embarcadero, and authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids.

c) Staff Recommendation: Award Contract No. CW-295, Clay and Sacramento Streets Sewer Rehabilitation (Clay Street from Kearny Street to Montgomery Street, Clay Street from Mason Street to Powell Street, and Sacramento Street from Kearny Street to Montgomery Street), in the amount of $339,673 to Pacific Liners.

d) Staff Recommendation: Ratify the Declaration of Emergency by the President of the Public Utilities Commission on April 9, 2002, to repair Moccassin's electrical system.

REGULAR BUSINESS

11. Public Hearing – To consider revised Schedule of Rates to be charged for retail water service in San Francisco and suburban areas. (Persons who are unable to attend the public hearing may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the commission and will become a part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 4th Floor, San Francisco, CA 94103.) (Laws)

    Staff Recommendation: Consider and adopt a schedule of rates to be charged by the San Francisco Public Utilities Commission for retail water service in San Francisco and suburban areas to be effective with meter readings on or after July 1, 2002.

12. Public Hearing – To consider a revised Schedule of Rates to be charged for water service to suburban resale customers. (Persons who are unable to attend the public hearing may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the commission and will become a part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 4th Floor, San Francisco, CA 94103.) (Laws)

    Staff Recommendation: Consider and adopt the water rates to be charged by the San Francisco Public Utilities Commission for Suburban Resale with Long Term Contract to be effective with meter readings on or after July 1, 2002.

13. Public Hearing – To consider a revised Schedule of Charges to be charged for sewer service in San Francisco and adjacent areas. (Persons who are unable to attend the public hearing may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the commission and will become a part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 4th Floor, San Francisco, CA 94103.) (Laws)

    Staff Recommendation: Consider and adopt a schedule of rates to be charged by the San Francisco Clean Water Program for sewer service in San Francisco and adjacent areas to be effective with meter readings on or after July 1, 2002.

CONSTRUCTION CONTRACTS

Award

14. Discussion and possible action related to WD-2359. (Continued from the meeting of April 9, 2002.) (Quan)

    Staff Recommendation: Award Contract WD-2359, 4", 6", 8", & 10" Ductile Iron Pipe Main Installation in Green Street from Van Ness Avenue to Hyde Street, Leavenworth Street to Jones Street, Icehouse Alley to Front Street; in Vallejo Street from Van Ness Avenue to Leavenworth Street; in Mason Street at Broadway intersection; and in Douglass Street from 21st Street to Corwin Street, in the amount of $1,248,386, to J. Flores Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Amend

15. Discussion and possible action related to Agreement No. CS-525. (Quan)

    Staff Recommendation: Authorize the Utilities Engineering Bureau (UEB) Manager to execute Amendment No. 3 to Agreement No. CS-525, Specialized Engineering and Construction Management Services, extending the term of the agreements by 1 year with no increase in the spending authority for: Olivia Chen Consultants, Manna Consultants, Inc., Kennedy/Jenks Consultants/SJ Engineers JV, CH2Mhill/Ocampo Esta, JV, SOHA/Telamon Engineering Consultants, Harza Engineering Co., Tetra Tech, Brown and Caldwell/CPM JV, Don Todd Associates/Arcost JV, and The Allen Group, and to decrease the agreement amount for Olivia Chen Consultants by $62,373.

CLOSED SESSION

16. Public comments on matters to be discussed in Closed Session.

17. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

    Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

    Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

    Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board, and City of San Francisco v. Daly City, Superior Court No. 318-127.

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

    Existing Litigation: Robert T. Von Junsch/Jack Siedman, Atty., Claim No. 02-02216.

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

    Existing Litigation: Susan Pena, Claim No. 02-00690.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

23. Announcement following Closed Session.

24. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

SFPUC
WATER
HETCH HETCHY WATER & POWER
CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

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April 23, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:38 P.M.

2. Roll Call: Present - President Ann Moller Caen, Vice President E. Dennis Normandy, Commissioner Jeffrey A. Chen

   Excused - Commissioner Ashok K. Bhatt

3. Approval of Minutes

   Moved by Vice President Normandy, seconded by Commissioner Chen, to adopt the Minutes of January 8, 2002 Regular Commission Meeting; passed (3-0) unanimously.

4. Communications

   No action taken.

5. Old/Ongoing Business by Commissioners

   Vice President Normandy requested the General Manager answer questions from the letter of Mr. Dick Morton, dated March 31, 2002.

6. Introduction of New Business by Commissioners

   Vice President Normandy announced his reappointment to the Commission and that Commissioner Cook did not get reappointed. *Mr. Normandy requested that a resolution be made to celebrate the tenure of Commissioner Cook's post.* President Caen agreed.

7. Report of the General Manager

   a) Budget Update

   Patricia E. Martel, General Manager of Public Utilities, informed the Commission she did a presentation to the Budget Committee with their approved budget. She attended the neighborhood budget meeting in Supervisor Gonzalez's district last week and will attend the one in Supervisor Maxwell's district this week.

   Ms. Martel updated the Commission on the Capital Improvement Program (CIP). The community outreach meetings in all the supervisorial districts have been completed. Binders containing all comments and questions received and responded to at the meetings are being prepared. Also included will be all of the materials developed by the outreach consultant distributed at the meetings, an

executive summary of the most relevant issues prominent in each of the meetings, and a summary of the four-five key community issues brought up at the meetings. The binders should be available by the next Commission meeting.

R.W. Beck has been engaged in performing an independent engineering analysis of the CIP. They have been working for a few weeks conducting interviews with all the relevant stakeholders in CIP, both internal to SFPUC as well as certain stakeholders like BAWUA, the Water Alliance and others. The Blue Ribbon Panel (BRP) was formed to independently review R.W. Beck's engineering analysis. A list of the members of the BRP will be sent soon, along with a meeting schedule. The Panel will receive copies of the CIP documents, followed by an overview with R.W. Beck. The BRP will meet four-five times before providing written documentation. Their findings will be presented for review prior to the May 28 meeting, when the issue of CIP is to be discussed. Ms. Martel concluded her report and asked for questions.

President Caen asked if there were any issues brought up at the budget meeting regarding our budget.

Ms. Martel responded there was a single budget issue brought up relating to the Southeast facility. Supervisor Maxwell stated her concern that some of the facilities are not being maintained at an appropriate level. Ms. Martel responded that the facilities are very old and difficult to maintain appropriately. She informed Supervisor Maxwell that SFPUC substantially contributes annually to Department of Public Works (DPW) to make the needed repairs. Supervisor Maxwell inquired if the Recreation and Park Department could work and assist SFPUC. Ms. Martel said she would share this inquiry with DPW as they share responsibility in maintaining facilities. Apart from this issue, there were a number of questions about the CIP.

Vice President Normandy, through the Chair, stated he had been contacted by the members of the Residential Usage Advisory Board (RUAB) and given high compliments for Steve Medbery's work and for his assistance in helping them create better procedures and policies. The Commission thanked Mr. Medbery also. RUAB mentioned they put in a request for repair on defective water meters showing inaccurate flows. *Mr. Normandy requested Mr. Medbery and his Bureau look into the matter.*

8. Bay Area Water Users Association (BAWUA) General Manager's Report

   a) BAWUA's Seismic Preparedness Activities

      Mr. John Ummel stood in for General Manager Art Jensen who was unable to attend today's meeting. Mr. Ummel shared a program that BAWUA has undertaken for the past year. BAWUA hired a consultant to conduct seismic vulnerability assessments of three of their agencies: Palo Alto, Alameda

County Water and Foster City. The studies have been completed. Subsequently, BAWAU told all their agencies it was a good idea for all of them to do the assessments. He reported that 90% of the BAWAU agencies have signed on. He expressed gratitude to SFPUC for paving the way with its Facility Reliability Study and hoped that their analysis will prompt BAWUA's agencies to be ready for the next big earthquake.

9. Public Comments on matters not on today's agenda.

There were none.

CONSENT CALENDAR

10. Moved by Vice President Normandy, seconded by Commissioner Chen, to adopt the items listed under the Consent Calendar; passed (3-0) unanimously.

a) Resolution No. 02-0068: Approve the plans and specifications for Contract No. CW-287, Mary / 3rd / Fremont/ Freelon Streets Sewer Replacement (Mary Street from Minna Street to Mission Street, 3rd Street from Bryant Street to Harrison Street, Fremont Street from Howard Street to Folsom Street and Freelon Street from 4th Street to Zoe Street), and authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids.

b) Resolution No. 02-0069: Approve the plans and specifications for Contract No. WD-2328, 8-Inch Ductile Iron Main Installation in Main Street between Mission Street and Bryant Street; and in Spear Street between Mission Street and the Embarcadero, and authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids.

c) Resolution No. 02-0070: Award Contract No. CW-295, Clay and Sacramento Streets Sewer Rehabilitation (Clay Street from Kearny Street to Montgomery Street, Clay Street from Mason Street to Powell Street, and Sacramento Street from Kearny Street to Montgomery Street), in the amount of $339,673 to Pacific Liners.

d) Resolution No. 02-0071: Ratify the Declaration of Emergency by the President of the Public Utilities Commission on April 9, 2002, to repair Moccassin's electrical system.

REGULAR BUSINESS

Mr. Williams Laws, Finance Bureau Rate Administrator, suggested calling Items 11, 12 and 13 at the same time. President Caen agreed.

Mr. Laws' presentation referred to two staff reports: "Report on Water Rates for Fiscal Year 2002-03" and "Report on Sewer Rates for Fiscal Year 2002-03." His electronic slide presentation highlighted key findings from recommendations contained in those reports.

WATER ENTERPRISE

Mr. Laws began with the Water Enterprise (WE) stating their revenues are derived principally by the sale of water to retail and suburban resale customers. Additionally, WE earns interest on funds invested by the City Treasurer, service installation fees, service charges, and service fees such as late payment penalties, new account fees, etc. The WE principle expenditures are for operation and maintenance expenses, which includes labor, fringe benefits, contractual services, materials and supplies, service of other departments and most importantly to Hetch Hetchy assessment. In addition, WE has expenditures for debt service on bonds sold to finance system improvements as well as a portion of the CIP that is funded from current revenues.

For the next fiscal year, it is projected that water sales revenues will be approximately $163.8 million. Expenditures will be $184.9 million, resulting in an operating deficit of about $21.1 million. The WE does have a beginning fund balance of $58 million, which could be used to offset a portion of that operating deficit.

In the $21.1 million operating deficit, $14 million is attributable to retail service and is due to the debt service on bonds that will be sold in the coming fiscal year as part of the sale of the A & B bonds. Another $7.1 million is attributable to suburban resale service. It is projected that at the end of the current fiscal year, there will be a credit balance of about $8.1 million in the balance account for the suburban resale customers. As a consequence, it is recommended the retail rate be increased, while at the same time, SFPUC make no change in the suburban resale rate.

The increase being proposed is that retail rates be increased the 8.6% allowable by Proposition H. This will bring the total increase for A & B bonds to 17.99 %, just marginally less than the 18% allowed under the ordinance. It will coincide with the sale of the water revenue bonds and will be used to pay the retail customer's share

of the debt service on those bonds. The increase will enable SFPUC to maintain its bond coverage as well as maintain a fund balance to meet future needs, particularly unanticipated expenses or fluctuations in revenues. As there is a credit balance in the balancing account, it is not recommended that any change be made in the suburban resale rate.

Vice President Normandy referred to the "offset in part" item and asked what the SFPUC is responsible for. Mr. Laws replied that the portion of costs allocated to resale service is $14 million more than the revenues derived from that service. The anticipated sale of bonds will result in an increase of $10 million in debt service cost. Not all of that is attributable to the retail customers. An 8.6% proposed rate increase would only raise about $6.1 million. Consequently, $7.9 million of the unappropriated fund balance would be used to cover the cost.

President Caen asked if the $58.8 million beginning fund balance would be used against the deficit? Mr. Laws answered that a portion would be used, stating $7.9 million of the unappropriated fund balance would offset the portion of costs allocated to retail customers. This $58 million includes the $8.1 million owed to suburban resale customers, which is part of the fund balance. He stated, by keeping the rate constant this year and using that credit to offset the costs of providing service to them, we're also going to decrease it by that much, so the fund balance will be reduced by $15-16 million in the coming year.

Commissioner Chen asked what the operating deficit would be if it included the rate increase. Mr. Laws answered the operating deficit including the rate increase will be reduced $6.1 million, anticipating additional revenues that will be derived. Taking $6 million from the $21 million deficit leaves $15 million, which is the retail and suburban costs that have to be offset by the balance.

CLEAN WATER ENTERPRISE

Mr. Laws stated approximately 90% of all the revenues for the CW program come from sewer service charge revenues. The additional portion is derived from interest earned on funds invested by the City Treasurer and a small amount is derived from rents at Earl P. Mills Community Center. The expenditures for CW are similar to WE, consisting of operation maintenance expense, debt service on bonds sold, and finance system improvements. The CW program also has loans taken out through the State Revolving Fund (SRF). They also make a contribution to the renewal replacement fund each year that is required as a condition of the grant funding that they have received in the past as well as the SRF loans.

The projected operating results for CW are very similar to WE. The revenues under existing rates for the year are expected to be $146.5 million. The operating expenses are $164.4 million, resulting in an operating deficit of $17.8 million. The appropriate fund balance will be used to offset that deficit, reducing the fund balance to $20.7 million. The Long-Range Financial Plan indicates this is very

close to the minimum operating reserve to maintain. The consequence is the financial condition of CW is precarious and Proposition H does not allow much flexibility in addressing that precarious financial condition.

Mr. Laws informed the Commission today that for the next fiscal year, revenues with fund balances will be sufficient to meet cash needs and provide coverage for outstanding CW revenue bonds. It was cautioned that continuing deficits would deplete the fund balance. There will be no operating reserve after next year which will eventually result in a failure to meet coverage requirements. The forecast into the next five years is there will not be sufficient revenues to meet coverage requirements. Due to a deteriorating financial condition, it's anticipated at the end of Proposition H period, there will need to be at least a 60% rate increase in order to restore financial solvency to the CW program.

Mr. Laws shared that the positive part of the rate analysis is that water and sewer rates are affordable in San Francisco. This is based on the United States Environmental Protection Agency (USEPA) Index of Affordability. USEPA determined water bills are judged to be affordable if the cost is no more than 2% of the median household income. Based on that the typical annual water bill for a single-family water bill in San Francisco is about 0.2% of median household income, below the standard set by USEPA. Combining water with sewer is still less than the affordability index. Applying a more stringent standard using the poverty rate for a family of 4, SFPUC water and sewer rates remain affordable. Unfortunately, rates need to be increased in order to maintain the level of service SFPUC customers expect.

The recommendations to the Commission were: (1) increase retail rates 8.6%, effective July 1, 2002, (2) make no adjustment in suburban resale rate, and (3) make no adjustment in sewer service charge. This concluded Mr. Laws' presentation.

Vice President Normandy had a question regarding the projected 60% rate increase in sewer charges after the Proposition H period expires and if there was a plan to spread the increase over a longer period of time?

Mr. Laws referred the question to the General Manager.

Ms. Martel answered she is considering putting a rate increase on the November ballot. Waiting another year could mean dipping into reserves which would deplete the operating reserve, a key financial tool to keep. Ms. Martel is working with staff to develop the recommendation requesting a rate increase for November's ballot. The analysis is not complete. The rate has not been determined. Waiting until 2006 and then asking for a 60% rate increase would be unacceptable to the public.

Vice President Normandy shared comments on Items 11, 12 and 13 before voting. *He urged, through the Chair and General Manager, a request that effective*

communications be developed and translated immediately for rate payers explaining rationales for a rate increase. The other comment related to tiered schedule rates. He was aware staff has started work on this, but requested the work be accelerated in view of the proposed rate increase for the November ballot. Ms. Martel responded staff is working on the proposed rate study. An RFP is being developed to go out with the rate study. It could take several months to complete, as a full analysis of water and sewer rates is not a short-term effort, but will be expedited. Ms. Martel stated she had mentioned pursuing a rate study during the community CIP meetings.

Vice President Normandy commended Mr. Laws for his foresight and good work.

11. Public Hearing – To consider revised Schedule of Rates to be charged for retail water service in San Francisco and suburban areas. (Persons who are unable to attend the public hearing may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the commission and will become a part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 4th Floor, San Francisco, CA 94103.)

    Moved by Commissioner Chen, seconded by Vice President Normandy to adopt the following resolution; passed (3-0) unanimously.

    Resolution No. 02-0072: Consider and adopt a schedule of rates to be charged by the San Francisco Public Utilities Commission for retail water service in San Francisco and suburban areas to be effective with meter readings on or after July 1, 2002.

12. Public Hearing – To consider a revised Schedule of Rates to be charged for water service to suburban resale customers. (Persons who are unable to attend the public hearing may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the commission and will become a part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 4th Floor, San Francisco, CA 94103.)

    Moved by Commissioner Chen, seconded by Vice President Normandy, to adopt the following resolution; passed (3-0) unanimously.

    Resolution No. 02-0073: Consider and adopt the water rates to be charged by the San Francisco Public Utilities Commission for Suburban Resale with Long Term Contract to be effective with meter readings on or after July 1, 2002.

13. Public Hearing – To consider a revised Schedule of Charges to be charged for sewer service in San Francisco and adjacent areas. (Persons who are unable to attend the public hearing may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the commission and will become a part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 4th Floor, San Francisco, CA 94103.)

Moved by Commissioner Chen, seconded by Vice President Normandy, to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0074: Consider and adopt a schedule of rates to be charged by the San Francisco Clean Water Program for sewer service in San Francisco and adjacent areas to be effective with meter readings on or after July 1, 2002.

CONSTRUCTION CONTRACTS

Award

14. Discussion and possible action related to WD-2359. (Continued from the meeting of April 9, 2002.)

Moved by Vice President Normandy, seconded by Commissioner Chen, to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0075: Award Contract WD-2359, 4", 6", 8", & 10" Ductile Iron Pipe Main Installation in Green Street from Van Ness Avenue to Hyde Street, Leavenworth Street to Jones Street, Icehouse Alley to Front Street; in Vallejo Street from Van Ness Avenue to Leavenworth Street; in Mason Street at Broadway intersection; and in Douglass Street from 21st Street to Corwin Street, in the amount of $1,248,386, to J. Flores Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Amend

15. Discussion and possible action related to Agreement No. CS-525.

Mr.Steve Maolini, Contract Manager of Utilities Engineering Bureau (UEB) and manager for CS-525, explained that this contract is comprised of seven

engineering and three construction management teams. The total spending authority is $6.6 million; $4.8 million has been encumbered and $1.8 million remains. The amendment is for a one-year time extension for completion of existing task orders. The Olivia Chen contract will have $62,373 deducted because they went over the 150% that is allowed by Chapter 6 of the Administrative Code.

Mr. Normandy asked if agreement had been reached with the Olivia Chen group regarding the decrease in the contract amount. Mr. Maolini affirmed that agreement had been reached.

Moved by Vice President Normandy, seconded by Commissioner Chen, to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0076: Authorize the Utilities Engineering Bureau (UEB) Manager to execute Amendment No. 3 to Agreement No. CS-525, Specialized Engineering and Construction Management Services, extending the term of the agreements by 1 year with no increase in the spending authority for: Olivia Chen Consultants, Manna Consultants, Inc., Kennedy/Jenks Consultants/SJ Engineers JV, CH2Mhill/Ocampo Esta, JV, SOHA/Telamon Engineering Consultants, Harza Engineering Co., Tetra Tech, Brown and Caldwell/CPM JV, Don Todd Associates/Arcost JV, and The Allen Group, and to decrease the agreement amount for Olivia Chen Consultants by $62,373.

CLOSED SESSION

16. Public comments on matters to be discussed in Closed Session.

    There were none.

17. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

    Moved by Vice President Normandy, seconded by Commissioner Chen, to assert the attorney-client privilege; passed (3-0) unanimously.

The Public Utilities Commission went into Closed Session at 2:12 P.M. to discuss the following matters:

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

Nothing was discussed.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

Nothing was discussed.

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board, and City of San Francisco v. Daly City, Superior Court No. 318-127.

Nothing was discussed.

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: Robert T. Von Junsch/Jack Siedman, Atty., Claim No. 02-02216.

Present were President Caen, Vice President Normandy, Commissioner Chen, PUC General Manager Patricia E. Martel, Utilities General Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Moved by Vice President Normandy, seconded by Commissioner Chen, to adopt the following resolution; passed 3-0 unanimously.

Resolution No. 02-0077: Recommend a settlement in the case of Robert T. Von Junsch/Jack Siedman, Atty., Claim No. 02-02216.

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: Susan Pena, Claim No. 02-00690

Present were President Caen, Vice President Normandy, Commissioner Chen, PUC General Manager Patricia E. Martel, Utilities General Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Moved by Vice President Normandy, seconded by Commissioner Chen, to adopt the following resolution; passed 3-0 unanimously.

Resolution No. 02-0078: Recommend a settlement in the case of Susan Pena, Claim No. 02-00690

Following the Closed Session, the Commission reconvened in open session at 2:14 P.M.

23. Announcement following Closed Session.

President Caen announced the actions taken during Closed Session.

24. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Vice President Normandy, seconded by Commissioner Chen, not to disclose the discussions during Closed Session; passed (3-0) unanimously.

Thereupon, the meeting was adjourned: 2:16 P.M.

Mary Y. Jung
Secretary